

**SOCIAL CAPITAL AND COOPERATIVE ENTERPRISE DEVELOPMENT:  
A CASE STUDY IN MPUMALANGA, SOUTH AFRICA**

**By**

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## **DECLARATION**

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### **SOCIAL CAPITAL AND COOPERATIVE ENTERPRISE DEVELOPMENT: A CASE STUDY IN MPUMALANGA, SOUTH AFRICA**

I declare that the above dissertation is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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## **ABSTRACT**

Social capital is a concept that is broadly referred to as norms, networks, trust and forms of social connections that allow people to act collectively. This study explores the role of social capital in the process of developing micro-enterprises cooperatively. The study attempts to delve beneath how social capital manifests in different social contexts found in developing communities such as Masana. The field-work observations and the data collected through a qualitative research design provided abundant evidence of social capital, and the profile that emerged reaffirmed the argument that the outcomes of social capital can be both negative and positive. This study argues that to better leverage social capital for development initiatives, development planners and implementers need to understand social capital as potentially both a blessing and blight. Hopefully this study will contribute to the body of knowledge and influence development policies and interventions that leverage social capital for development initiatives.

**Key terms:** cooperatives, micro-enterprise development, norms, poverty, reciprocal exchanges, social capital, social networks, trust

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# CHAPTER ONE

## ORIENTATION TO THE STUDY

### 1.1 Introduction

*“One of the most important examples of social capital at work in the absence of formal insurance mechanisms and financial instruments is the use of social connections by the poor in protecting themselves against risk and vulnerability.”*

*(Woolcock & Narayan 2000:243)*

What is social capital? Social capital is understood to be underpinned by shared norms of reciprocity and trust, which in turn promote cooperation for shared benefits within and between social networks (Winter 2000; Smith 2000). The development of a theoretical appreciation of the concept of social capital is centred on the idea that “relationships matter” (Field 2003: 2). Social theorists believe that the existence and quality of such relationships within and between social networks knit the social fabric that holds communities together. When people interact and have a sense of belonging and commitment to each other, a ripple effect of trust between individuals extends to trusting strangers and ultimately to the broader society (Smith 2000). It is for this reason that development theorists consider communities endowed with social capital to be easily mobilised to take a stronger position to confront poverty and vulnerability (Woolcock & Narayan 1999).

Documented theories and evidence on social capital, contributed by authors from different disciplines (socio-political sciences and economics), have informed the rapidly growing literature that correlates social capital to positive developmental outcomes (Smith 2000). Similarly, the emerging consensus on the importance of social relations in development is informed by conventional wisdom born of experience and intuition that “a person’s family, friends and associates constitute an important asset that can be called on in a crisis, enjoyed for its own sake or leveraged for material gain” (Woolcock & Narayan 1999: 226).

Apart from the observed social relationships characterising the associational life of the community under study, the inspiration to conduct this study was particularly informed by the way that the

three theorists, namely Pierre Bordieu, James Coleman and Robert Putman, defined social capital. Bourdieu (1986) defined social capital as being the sum of actual or virtual resources that accrue to individuals in durable social networks. Coleman (1988) identified the value that social capital adds to all kinds of people in social networks, while Putman's (1993) conviction was that people are better off if they cooperate. What the three definitions highlight is the importance of the theory of viewing development through the social capital lens, leveraging the 'capital' that inheres in social relationships.

## **1.2 Social capital and associational life**

The pre-1990 major theories of development held narrow and different views about the importance of the social relationships in developmental outcomes (Woolcock & Narayan 1999). For example, the theories of development of the 1950s and 1960s regarded social relationships of the traditional way of life as obstacles to development or modernisation, while world systems theorists of the 1970s held that social relations of corporate and political elites served as primary mechanism of capitalist exploitation (Woolcock & Narayan 1999).

Needless to say, the varying degrees of developmental progress in developing countries, some indicating the failure of capitalism, forced contemporary economists to start considering development strategies used by communities (social relations) in improving their lot (Vermaak 2006). Hence social studies started introducing social capital as a non-economic or non-material form of capital in an attempt to account for the structure and functioning of the social world of marginalised communities. In essence, development theorists realised that, although poor and marginalised communities lacked economic capital to 'maximise monetary profit' Bourdieu (1986: 2), they possess 'social capital' to maximise social resources in their associational life.

Associational life is made up of connections that individuals in communities have, and is represented by a mix of horizontal and vertical social networks of interdependent relationships that enable collectives to access resources for survival (Putman 1993). It is, however, important to note how the three theorists (Bourdieu, Coleman and Putman) explore the different ways such connections can be used in accessing resources (Smith 2000). Firstly, Bourdieu (1986) argues that privileged individuals (elites) use their connections with other privileged individuals to hold on to power and advantage, thus promoting unequal access to resources. Secondly, Coleman (1988) recognises the value of connections used by non-elite individuals when they cooperate for mutual

advantage (Coleman 1988). Lastly, Putman (1993) believes that for communities to be able to advance smoothly, all connections (elites and non-elites) should be embraced and turned into a powerful civic virtue (Smith 2000).

This study explores the social capital that inheres in the connections of individuals in families, neighbourhood associations and institutions in the community. Firstly, family is considered as the most fundamental source of social capital because norms of trust and reciprocity generated and established throughout socialisation are also used as survival strategies (Winter 2000; Du Toit, Skuse & Cousins 2007). Secondly, networks of civic engagement found in neighbourhoods and voluntary associations, choral societies, cooperatives or clubs also foster robust norms of reciprocity (Winter 2000), and are thus considered a source of social capital. Lastly, according to Candland (2001), religious institutions also provide faith-based social capital because individuals who seek out and join a congregation are bound by, and also reciprocate, set norms of respect, love and compassion (Cnaan, Boddie & Yancey 2003). Such exchanges of reciprocal activities happening in durable networks (Bourdieu 1986) serve as useful relationships (Coleman 1988) by establishing trust, thus benefiting members through collective actions that contribute to the welfare of all involved (Putman 1993).

It is inherent in the concept of social capital that the high levels of trust required for collective action develop and get nurtured during regular exchanges of face-to-face interactions of members within and between networks (Smith 2000). Such exchanges are given meaning by the nature and extent of ties (strong or weak bonds) held by members within networks (in families), and beyond and between families (community including religious groups). For example, individuals who belong to family, neighbourhood, support or fellowship networks usually share close bonds (bonding social capital), because of similar situations they find themselves in, by knowing each other well, sharing the same values and norms, as well as having mutual trust (Svendsen & Svendsen 2003: 620).

Relationships that are formed between dissimilar or unknown people are characterised by weak ties (Granovetter 2002) and can result in either bonding or bridging social capital. As a result of the weak ties between dissimilar (heterogeneous) members within or between networks, bridging social capital allows for growth as different ideas and experiences cross-pollinate. Although social networks are not necessarily assigned neatly into these categories, an understanding of whether

social capital is bonding, bridging or linking seems crucial in undergirding specifics of anticipated developmental outcomes (Smith 2000).

Linking social capital inheres in relationships of social networks that have vertical ties (Putman 1993). The linking ability found in this type of social capital exposes people to opportunities outside of their horizontal networks to help them “get ahead” (Woolcock & Narayan 1999). Woolcock (2000) maintains that linking or scaling up social capital in vertical relations help communities to leverage resources, ideas and information from formal institutions such as the public (government) or private (businesses or donors) sectors.

Studies conducted on social capital mainly point to the significance of such relationships in social networks in the viability of grassroots economic activities in survival strategies and collective action (Portes & Mooney 2002). For example, the findings of a study on *Trading on a Grant: Integrating Formal and Informal Social Protection in Post-Apartheid Migrant Networks* conducted by Du Toit and Neves (2009b) also serve as an example of the utility of social capital in marginalised communities. This study shares how networks of migrant and marginalised people in Khayelitsha, Greater Cape Town, used reciprocal activities to ameliorate poverty. A network of family members would use one member’s social grant to leverage key resources for all members in the network. These studies, however, held onto positive outcomes of social capital and neglected the negative outcomes as a result of exclusive social ties as the present study will show. The other observation made, also noted by Portes and Mooney (2002), is that the findings of studies on social capital mostly emphasise the positive outcomes of social ties and exclude the less desirable outcomes, as this study found.

The study on *A re-conceptualisation of the concept of social capital: A study of resources for need satisfaction among agricultural producers in Vhembe* conducted by Vermaak (2006) in Vhembe, a region in the Limpopo Province, found that norms of trust and reciprocity shared by community members enabled them to ameliorate poverty. Members of this community used their relationships to pool resources together and used each other’s support during planting and harvesting seasons, and in this way managed to achieve more in dealing with the effects of poverty. Furthermore, in illustrating how social relations add value in economic development, social capital is theorised in as far as trust facilitates economic exchange by reducing transaction costs (Fukuyama 1999). However, how social capital facilitates cooperation is not explicitly theorised.

The study also highlights the importance of linking social capital that development interventions need to take cognisance of at an institutional level (Gomulia 2006). A discussion on social capital at a meso-level highlights the importance of the role played by the local municipal officials as government. Their role involves creating a conducive and supportive environment to facilitate development initiatives. The state cannot only resolve to provide for public goods such as education, health and social services (Portes & Mooney 2002); it also needs to create an enabling environment for development through good governance (Gomulia 2006). At this point, literature on social capital is still unable to appreciate the extent to which the state and its structures influence micro-actors within and between networks (Woolcock 2000). Attention is only drawn to the importance of linking social capital in leveraging material and non-material resources.

Macro-actors (the state and other structures) have a level of agency that is unavailable to less powerful actors (community) (Gelderblom 2014). Therefore, this study takes into account the positive or negative impact macro-actors have on the development capacity of micro-actors (Gelderblom 2014), given that macro-actors have the capacity to regulate access to resources, dictate norms of operation and interfere on how micro-actors interact. Therefore, note should be taken of what Gelderblom (2014: 18) considers as “power imbalances”, where the powerful actor finds it easy to exploit or ignore normative requirements and feel no negative consequences.

Suffice it to say that all forms of interrelatedness in a social or political context have a powerful effect on shaping opportunities and constraints when economic advancement is sought (Woolcock 1998). Hence, the study discusses the applicability of the philosophy of the public/private mix (PPM) model (Re-Action! 2009), through the complementary use of resources to improve the effectiveness and efficiency of service delivery. Woolcock (1998: 179) sums such complementary exchanges up by highlighting the significance of having a state (macro-actors) that has organisational capacity (integrity) as well as engagement and responsiveness (synergy) towards civil society (micro-actors).

### **1.3 Why social capital matters for this study**

The theory of social capital matters in this study because of the current interest the field of development has in its positive consequences (Portes & Mooney 2002). During my field work excursions as a development facilitator in Masana<sup>1</sup>, the observed social relations in different

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<sup>1</sup>Masana is a pseudonym used for this community to protect the identity of participants.

social settings suggesting associational life in this community were inspiring. Umnotho<sup>2</sup>, one of the PEPFAR (President's Emergency Plan for AIDS Relief) implementing agencies providing programmes on health and sustainability had sent me on a community development assignment between 2008 and 2012. Like many other communities in South Africa that face long-term socioeconomic challenges, such as unemployment and the escalating HIV/AIDS morbidities and mortalities, life seemed hard in Masana. Therefore, in mitigation of such socioeconomic challenges, my assignment involved planning and implementing a development programme that would strengthen households in Masana socioeconomically to manage daily shocks and risks.

Although the purpose of this study is not to discuss the post-1994 historical trajectory of the South African economic situation, it is perhaps important at this stage to mention that the long-term socioeconomic challenges that overwhelm the majority of the South African population result from unequal economic opportunities that characterise most disadvantaged South African communities (Vermaak 2006). According to Mbeki (2006: 1), the conditions of life in such communities characterise what he calls “the second economy”<sup>3</sup>. Following the pre-1994 policies of colonial subjugation and apartheid dispossession, the post-1994 democratic government brought hope of “a better life for all” for the majority of poor people. Needless to say, the continuing dysfunctional and divided economy that further perpetuates underdevelopment points to failure of the government’s economic restructuring frameworks such as the Reconstruction and Development Programme (RDP) and Growth Empowerment and Redistribution (GEAR), aimed at reducing South Africa’s inequalities (Gelderblom & Liebenberg 2010; Coovadia, Jewkes, Barron, Sanders & McIntyre 2009).

An acknowledgement by President Mbeki (2003) of having channelled major interventions to develop the country’s first economy in the hope that effects will ‘trickle’ down to the second economy resonates with the pre-1990 major development theories, which held narrow views about the role of social relations in economic development (Woolcock & Narayan 1999). The evolution of the significance of social relations in economic development shared by Woolcock and Narayan (1999) is quite interesting. Firstly, social relations were viewed as obstacles to development or modernisation (1950s and 1960s). Secondly, social relations were a means of production and were characterised by an inherent hostility between owners and labourers

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<sup>2</sup>Umnotho is a pseudonym used for the PEPFAR implementing agency to protect its identity.

<sup>3</sup>Drawn from the metaphor of two economies that mean a socioeconomic dualism; the second economy is marginalised, exists at the edges of the first economy and does not benefit from progress in it.

(1970s). Lastly, public choice theorists assigned distinctive properties to social relations asconstructing effective, accountable, formal and informal institutions. Hence the current literature to which all the social science disciplines contribute generated a remarkable consensus regarding the importance of social capital in development (Woolcock & Narayan 1999).

South Africa, like governments around the world, is still hard at work putting strategies together and working towards overcoming underdevelopment in the regions (United Nations Development Programme (UNDP) 2010a). At the time of conducting this study, the South African government was identified as one of the 189 nations that were signatories that committed to achieve the 8 Millennium Development Goals<sup>4</sup>(MDGs), (the first MDG committed to eradicate extreme poverty and hunger by the year 2015). However, the analysis of the evaluation of progress made conducted by the world leaders at the African Union Committee (AUC 2010) in September 2010 revealed that the African region's achievement lagged behind the commendable progress made around the world. For example, in South Africa, millions of people were reported to be experiencing the challenges of underdevelopment and marginalisation as a result of a still divided economy (Kirsten 2006). Hence the World Bank's and the International Monetary Fund's (IMF) proposal for the adoption of poverty reduction plans that are comprehensive and that emphasise integration of the social dimension into economic development (Public Service Commission (PSC) 2009). Subsequently, contemporary economists embraced the discourse on the usefulness of integrating the social dimension for sustainable development at the World Commission on Environment and Development (WCED) of 1987, and reported their endorsement of social capital as a production factor like the other capitals (economic, human and cultural) to the United Nations (Dillard, Dijon & King 2009).

The adoption of this balanced approach to development has since led to the inclusion of the multidimensional, social, cultural and psychological aspects in the development discourse (Cruz, Stahel & Max-Neef 2009). Governments started adopting development initiatives such as micro-enterprising at grassroots level, particularly as a way of integrating the social dimension into economic development (Banerjee 1998). The South African government has since also realised that a coherent, comprehensive and scale-appropriate strategy is needed if the goal of transforming the second economy is to be realised (Kirsten 2006).

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<sup>4</sup> Millennium Development Goals were a synthesis of pacts and declarations made at development summits and international conferences in the 1990s to achieve developmental goals.



## **1.4 Micro-enterprise development**

Micro-enterprising initiatives **have come** to be increasingly considered as one of the viable anti-poverty strategies from as early as the 1970s in countries like Latin America and Africa (Banerjee 1998). The cited successes demonstrating their viability include economic turnovers large enough to produce a surplus for entrepreneurs' personal savings and even created employment opportunities for others. However, some studies reported negative results in countries like India, where the impact of sporadic implementation and the low survival rate of similar interventions were not significant enough to root out the widespread and deep rural poverty as a result of low survival rates (Banerjee 1998).

Consequently, South Africa also endorsed micro-enterprising initiatives for community development and alleviation of poverty. As a result, support for small and micro-enterprises became one of the main objectives of second economy interventions to provide conditions for sustainable livelihoods among communities (Mbeki 2006). However, an analysis of the government's national strategy for the SMME sector and associated institutions revealed weaknesses in the South African government's favoured 'supply-side' and 'one size fits all' economic approach (Peters & Naicker 2013), where state-owned companies use a 'top-down' development approach to create business hubs and to develop industrial capabilities of SMMEs. For example, in 2008, the Department of Trade and Industry (DTI) found that the majority of South African SMMEs rarely survive beyond the emerging phases and last for an average of less than three and half years (Bureau for Economic Research 2016).

### **1.4.1 Developing of micro-enterprises cooperatively**

For an even better reach of development to the masses, the South African government embarked on the development of cooperatives to leverage the enormous potential poor people demonstrated in mobilising to pool resources to lift themselves out of poverty (Birchall 2004). Although lately cooperatives come in different forms such as consumer, housing, credit and agriculture, people have always been found to cooperate to address their pressing needs or to benefit as a collective (Birchall 2004).

According to the International Cooperative Alliance (ICA), a cooperative is an autonomous association of persons. These persons unite voluntarily to meet their common socioeconomic needs, through a jointly owned and democratically controlled enterprise (Phillip 2003: 7).

Incidentally, the guiding principles of a cooperative resonate mostly with key concepts that define social capital: collective action, voluntary participation, and ease of accessing resources and benefits. Seemingly, governments and development communities got inspired by this cooperative model of development and started to encourage entrepreneurs to form cooperatives for sustainable development (De Vos 2009).

A snapshot of international experience on cooperative development (Spain, Italy, Britain, Kenya and South Africa) is provided in the next chapter to give context to the present study. Nevertheless, De Vos (2009) cautions that it is unreasonable to expect achievement of similar results by transferring concepts and ideas directly from one region to another, because of the unique nature of the socioeconomic and political environment in different countries. It is a reminder that the functioning of cooperatives is context-specific as informed by the socio-political history, philosophy and value system of respective countries (De Vos 2009).

Although cooperatives have been heavily criticised for inefficiency and discriminatory government policies in the past, especially against women and the poor, variable successes and sustainability associated with cooperatives have been reported across countries (Mori 2014). Reasons for failure of cooperatives seemingly lay either in the initial structuring or inappropriate government policy frameworks that caused a stifling interference (Wanyama, Develtere & Pollet 2009). However, such failures are often valuable lessons that call for constructive structural changes in policy development and implementation.

This study therefore explores the role of social capital in the process of developing micro-enterprises cooperatively in the community of Masana.

**Key terms:** social capital, norms, trust, social networks, poverty, micro-enterprise development, cooperatives.

## **1.5 Statement of the problem**

The pervasive socioeconomic marginalisation in South Africa is not only burdening poor communities like Masana, it also denies citizens their fundamental and constitutional right to access services like health care. Similarly, the ills of the second economy, exacerbated by the high incidence of HIV/AIDS, perpetuate the poverty and marginalisation suffered by many South

Africans (Mbeki 2003). For example, a review of poverty statistics in Mpumalanga at the time that this study was conducted in June 2012 revealed that 60% of households lived below the poverty line, while 68% of individuals received an income less than R250 per month (Statistics South Africa (StatsSA) 2014). In 2008, 1 in every 5 adults in Mpumalanga was estimated to be HIV-positive, with 92 deaths per day (Nicolay 2008). Such statistics reveal a lack of coherent, comprehensive and sustainable development strategies that are appropriately scaled up.

Of relevance to this study is the national challenge of adult access to anti-retroviral therapy (ART) that hit Masana the hardest in 2008 (Re-Action! Consulting (Pty) Ltd 2009). The people living with HIV and AIDS (PLWHA) in Masana were part of the 6 million HIV-positive South Africans who were supposed to be on adult ART in 2007. Incidentally, at that time the government's plan to roll out free ART treatment post-2004 could only cover five hospitals nationally (Ploch 2011). Considering that the nearest hospital that could offer such services was 100 kilometres from Masana, ART became inaccessible and costly. The result was that ART was limited to HIV/AIDS programme beneficiaries of medical aid schemes or those on HIV/AIDS workplace programmes (Johnson & Hall 2010). Umnotho was providing a comprehensive HIV/AIDS prevention, treatment and care programme to employees of a mining house which was the main employer in Masana at that time.

A decision was subsequently taken to extend the programme into the community because Umnotho believed that, for HIV/AIDS prevention, treatment and care to be successful, it has to be started at household level, and where testing for the HI virus, ART compliance, proper nutrition and emotional support could be ensured (Re-Action! Consulting (Pty) Ltd. 2009). Suffice it to say that Umnotho's community outreach workers<sup>5</sup> (hereafter referred to as OWs), trained to deliver the HIV/AIDS prevention and care components from door-to-door were mostly confronted by socioeconomic challenges in households. In mitigation, Umnotho planned an intervention that would strengthen the households socioeconomically.

Even though the South African government had endorsed and adopted micro-enterprise development initiatives as a poverty alleviation strategy, the development approach used for implementation remained 'top-down'. An analysis of the government's national strategy for the SMME sector and associated institute revealed weaknesses in the government's favoured 'supply side' and 'one size fits all' economic approach (Peters & Naicker 2013). For example, state-owned

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<sup>5</sup>The term *outreach workers* (OWs) refers to community members who were trained by Umnotho in health care programmes that provided regular (door-to-door) support in the community.

companies and agencies created their own business hubs to develop capabilities for SMMEs. For example, in 2008, the Department of Trade and Industry (DTI) found that the majority of South African SMMEs that were incubated in these hubs rarely survive beyond the emerging phase, and last for an average of less than three and half years (Bureau for Economic Research 2016).

Although policies that guide programming of development strategies are said to encourage and support participation at grassroots level, there is a scarcity of reporting on how individuals in micro-organisations are supported to nurture indigenous social capital (Max-Neef 1991), hence all the more reason to call attention to the importance and significance of social capital in economic development. For example, the government's 1995 White Paper stating the policy and strategy on SMME development is silent on what non-financial support entails (Mbeki 2006).

In contrast, other development thinkers such as the Chilean economist Manfred Max-Neef use the Human Scale Development (HSD) approach that assumes a direct and participatory democratic development (Max-Neef 1991:199). In this way, bottom-up creative solutions, as opposed to a top-down state-centred development approach, are encouraged. The participatory approach involves working with social networks believed to potentially have social capital at their disposal to impact on economic development. For this reason, economic development at grassroots level seemed appropriate to deliver on the second pillar of the South African government's anti-poverty drive to meet the challenges of the second economy (Kirsten 2006). It is against this background that this study will be arguing that there are indeed good reasons for exploring the role of social capital in developing cooperative micro-enterprises.

### **1.5.1 The purpose of the study**

The overall purpose of the study is to explore the extent to which the social capital that inheres in social relations within and between networks influences the socioeconomic outcome of developing micro-enterprises cooperatively in Masana. My argument throughout this study refers consistently to the importance of acknowledging the usefulness of integrating the social dimension embraced by contemporary economists for sustainable economic development in the context of Masana.

### **1.5.2 The research question**

The research question is the following: To what extent does social capital harness or frustrate the process of cooperatively developed micro-enterprises in Masana?

### **1.5.3 The rationale for conducting the study**

I did this study for the following reasons:

1. From the observed social activities of the associational life in Masana, social capital seems to exist in its indigenous form within and between social networks.
2. Despite the apparent socioeconomic challenges facing people in this community, their willingness to participate in the Umnotho commissioned micro-enterprise development process revealed the actual and potential social capital to be leveraged for collective action.

In broad terms, the rationale for conducting this study can be summed up as a concern with the outcomes of the process of cooperatively developing micro-enterprises as a development strategy.

### **1.6 The scope of the study**

The focus of this study is on individuals in small groups (registered cooperatives) as unit of analysis (Portes & Mooney 2002). This study is premised on horizontal and vertical social relationships as a source of social capital; therefore, interest is on all interpersonal communication and forms of exchange embedded in relationships within and between networks. Using a qualitative research approach, the study is conducted in Masana, a small town in the province of Mpumalanga, South Africa. The decision to use the qualitative approach was informed by the appropriateness of its methods in generating subjective truths and to collect verbal descriptive data (Babbie & Mouton 2001). In addition, in-depth interviewing and participant observation are complementary as data generating and collecting methods to provide a thick description of a phenomenon under study (Babbie & Mouton 2001).

Data was collected from a sample that was purposefully selected from a population of 73 community members residing permanently in Masana. All 73 community members participated in

the process of developing the micro-enterprises cooperatively and had their cooperatives registered with the DTI's Companies Intellectual Property Registration Office (CIPRO) as legal entities.

Data was collected in three ways: firstly, in-depth interviews were conducted with 20 participants in the sample. Interviews were conducted in the privacy of participants' homes at times suitable to them. A semi-structured questionnaire was designed to allow for probing and reflection to get thick descriptions of participants' experiences and perceptions. The research questions covered perceived trust within and between social networks and the perceived utility of working cooperatively to access resources. Following written consent from each participant, verbal responses were saved on an audio-recorder for later transcribing, interpretation and reporting.

The transcripts and notes of observations made during field work as well as information from minutes and visuals of meetings and workshops were analysed and reported. The reported findings were informed by themes that emerged from the coded data.

## **1.7 An outline of the chapters**

Chapter 1 has introduced the study, outlined the research problem and posed the research question.

Chapter 2 provides a brief discussion on the socioeconomic context in South Africa, Mpumalanga and Masana in particular, in an attempt to give context to what necessitates the amelioration of socioeconomic vulnerabilities experienced at community level. Focus will also be on how demographics and the impact of the HIV/AIDS epidemic have influenced patterns of employment, health and household livelihoods.

Chapter 3 begins by giving context on the development of micro-enterprising cooperatives through the social capital lens. Secondly, a theoretical discussion on social capital, relevant to economic development, is presented as informed by the views of different theorists. For example, the chapter unpacks the interrelatedness of all forms of capital, e.g. material (economic) and non-material (symbolic, cultural and social), and the usefulness of integrating the social dimension in economic development as theorised by Bourdieu, Coleman and Putman.

The chapter also provides examples drawn from the empirical literature illustrating the implied significance of social capital in economic development at grassroots level (Du Toit et al. 2007). The chapter ends with an overview of the criticisms levelled against the concept of social capital based on its tremendous extension in scope and depth in recent years (Fine & Lapavitsas 2004).

Chapter 4 explains the rationale behind the qualitative methodology used in this research. Informed by the notion of multiple realities of people as individuals or in groups, the data collection, analysis and interpretation methods aim to understand participants' subjective truths (Babbie & Mouton 2001), in acknowledgement that what is real is actually immersed in subjective interpretation (Fossey, Harvey, McDermott & Davidson 2002).

Throughout the chapter, my position as the researcher remained that of a human data collection, analysing and interpreting instrument, as advocated by Creswell (1994). I remained interested in the subjective meaning of how people make sense of their lives and experiences. The chapter also draws attention to the steps taken to keep bias in check and so prevent distorted study outcomes.

Chapter 5 presents the results and an analysis of the responses obtained from the questionnaire as well as from observations made during fieldwork.

Chapter 6 presents a discussion and concludes the study.

Lastly, owing to the fact that the development community tends to be biased towards positive outcomes of social capital, criticisms levelled against social capital have been woven into the discussion to present a balanced discussion. For example, governments and the development community need to be aware of the "dark side" of social capital to be able to manage its dysfunctional effects in development (Svendsen & Svendsen 2003: 622).

## CHAPTER TWO

### LITERATURE REVIEW: THE COMMUNITY OF MASANA AND MICRO-ENTERPRISE DEVELOPMENT

#### 2.1 Introduction

*“It requires a much more careful look at the actual ways in which particular people are caught up in the networks and circuits of a single internally differentiated and segmented economy. It would also do better to look carefully at measures that can ameliorate existing power imbalances to reduce inequality through policies that value and support the fragile strategies of people living on the margins of the South African economy.”*

*(Du Toit & Neves 2007:1)*

The purpose of this chapter is twofold. Firstly, a brief discussion on the socioeconomic context of South Africa and of Mpumalanga is provided as an attempt to contextualise what necessitated the amelioration of socioeconomic inequalities in Masana. The discussion also provides insight into how resultant socioeconomic vulnerabilities impact on social networks at individual and community level. Focus will be on how demographics influence patterns of employment, household livelihoods and the impact of the HIV/AIDS epidemic. Secondly, using the the social capital lens, the cooperative development of micro-enterprises is discussed as a strategy to improve the socioeconomic wellbeing in the community of Masana. A discussion on the importance of social relation in economic development concludes the chapter by highlighting the role of collective action (Woolcock & Narayan 1999); a snapshot of how people all over the world have been cooperating formally and informally to ameliorate poverty.

#### 2.2 The socioeconomic context of South Africa and Mpumalanga Province

The policies of colonial subjugation and apartheid dispossession characteristic of the South African past are known to have greatly influenced the present unequal, almost dysfunctional socioeconomic situation in our country (Coovadia, Jewkes, Barron, Sanders & McIntyre 2009). As Gelderblom and Liebenberg (2010) also point out, the pre-1994 policies of capitalist development and apartheid through its racial segregation and inequality had a part in nurturing the roots of this dysfunctional socioeconomic system. For example, during colonial subjugation, South Africa – then a British colony – was treated just like an economic asset for wealth



generation, while apartheid's labour migration policies supported the disruption of social life, especially of family life, through the rush to the diamond and gold mines in 1867 and 1886 respectively (Coovadia et al. 2009).

Not only did acceleration of capitalism encourage foreign investment to South Africa, appropriation of indigenous land by capitalists also transformed the agricultural economy to an industrial economy, further impoverishing and excluding rural communities from the formal economy. This study assumes that such unequal economic opportunities characteristic of most South African communities (Vermaak 2006) symbolise a disadvantaged part of the segmented South African economy, what is referred to as the second economy (Mbeki 2003). Therefore, even if South Africa has positioned itself as the regional biggest contributor of Gross Domestic Product (GDP) and as a promoter of peace and stability (Ploch 2011), it still suffers the effects of a politically, socially and economically divided country. Subsequently, an overwhelming majority of its population remain faced with long-term socioeconomic challenges of the so-called second economy (Mbeki 2003).

When a new dispensation of the democratically elected South African government took responsibility in April 1994, the majority of poor people had high hopes of positive changes in their lives, particularly with regard to equal opportunities for accessing decent livelihoods and other services (Coovadia et al. 2009; Gelderblom & Liebenberg 2010). For example, the government's economic restructuring policies such as the Reconstruction and Development Programme (RDP) and of the Growth Empowerment and Redistribution (GEAR) had hoped to deliver "a better life for all" through a coherent integration of ministries and building a macro-economic policy to meet the needs of a new democracy in a competitive world economy (Udjo, Simelane & Booysen 2000).

It is unfortunate that seemingly, the goals and strategies of the two policies to transform the economy for wealth distribution have failed to penetrate the lives of ordinary South Africans efficiently and sufficiently (Udjo et al. 2000). For example, in 2008, demographers at Statistics South Africa (Stats SA) reported that of the total South African population (46.89 million), 42.9% were living in relative poverty<sup>6</sup> (Van Heerden 2016), 38.0% were unemployed<sup>7</sup> (Ndebele 2016), while 10.0% were people living with HIV/AIDS (PLWHA) (Moloi 2016). In 2006, The World Bank

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<sup>6</sup>Defined as those living in households with incomes less than the poverty income (R1 450 per month for one individual to R5 170 for a household of eight members or more).

<sup>7</sup>Unemployed as proportion of economically active population (people between the ages of 15-64 who are under- or informally employed or unemployed but actively looking for a job).

reported that inequality between the rich and poor in South Africa had increased dramatically since 1994, with the GINI coefficient<sup>8</sup> as high as 0.69 (Gelderblom & Liebenberg 2010). It is such socioeconomic dynamics that show that economic development at the macro-level has failed to achieve the expected 'trickling down' effect to benefit people at grassroots level.

A brief profile of Mpumalanga that follows aims to shed some light on the socioeconomic dynamics that affect the usefulness of social capital in economic development. Mpumalanga is one of the nine provinces of South Africa and occupies 76 495 square kilometres of the total 1 219 912 square kilometres of South African land surface (Lehohla 2004). Geographically, Mpumalanga is the second smallest province, following Gauteng as the smallest, and is home to 4.04 million (7.8%) of the South African population (Ndebele 2016). Of the reported 4.04 million people in Mpumalanga, 3.5 million are Black people, proportionally spread through the three districts of Ehlanzeni (94.0% Black), Gert Sibande (88.6% Black) and Nkangala (87.6% Black) (Ndebele 2016).

Mpumalanga, known to be rich in coal reserves, accounts for 83% of the coal produced in South Africa, hence its strong mining presence as reported by the Development Bank of South Africa (DBSA) (Yager 2005). It is for this reason that mining is considered the main employer in Mpumalanga. It was around 2005 when the economic activity in Mpumalanga took a slump with the decrease in coal production (Yager 2005). The decrease in coal production affected the operations of the 11 mines within the Msukaligwa municipality, particularly in Masana. Production declined mostly because of closure of underground mining operations. Needless to say, such changes resulted in job losses that brought the expanded unemployment rate<sup>9</sup> to 39.5% – the second highest in Mpumalanga (Dimant 2016). Van Heerden (2016) for example reports a poverty rate of 41% compared to the national poverty rate of 37%, leaving its 1.59 million citizens in households with an income of less than the poverty level.

The consistent recordings of high numbers of HIV infections in Mpumalanga in 2005 not only gave the province the highest prevalence rate of 36.7% nationally, it also exacerbated the reported high poverty levels (Moloi 2016). The mining house responsible for the mines around Masana at that time viewed HIV/AIDS as a personal issue until its associated morbidity and mortality became

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<sup>8</sup>A measurement between 0-1 used by countries to identify the levels of inequality by comparing what the poorest to what the richest earn, where perfect inequality is given 1 and perfect equality a 0.

<sup>9</sup> Stats SA's expanded definition of unemployment measures anybody without a job who wanted to work and was available to take up employment in the reference period.

identified as a business risk (Glencore 2005-2016). Subsequently, the mining house saw the need to expand its HIV/AIDS workplace programme from preventative services (HIV information-giving sessions and testing for the HI virus) to treatment and care services (access to anti-retroviral treatment (ART) and a wellness plan). This move translated to ensuring that the mine employees considered as people living with HIV and AIDS (PLWHA) could access ART from such comprehensive workplace HIV/AIDS programmes. It took only a few months following the initiation of the comprehensive HIV/AIDS workplace programme that the mining house realised that to maximise the impact of the programme, HIV/AIDS prevention, treatment and care services needed to be extended into employees' households and to the entire community (Glencore 2005-2016).

### **2.3 A snapshot of Masana**

Masana is one of the five small towns of the local municipality of Msukaligwa within the Gert Sibande, one of the districts in Mpumalanga. Masana was considered a farming settlement before the industrialisation process of the 1960s and 1970s ([www.msukaligwa.gov.za](http://www.msukaligwa.gov.za)). This report states further that Masana town with its neighbouring township consists of about 4 000 households and is home to about 25 000 residents in its town and neighbouring township. Seemingly, its residential areas (town and township) were no longer segregated by race since the Group Areas Act was repealed in 1990; the choice of residence was determined by preference, convenience and affordability.

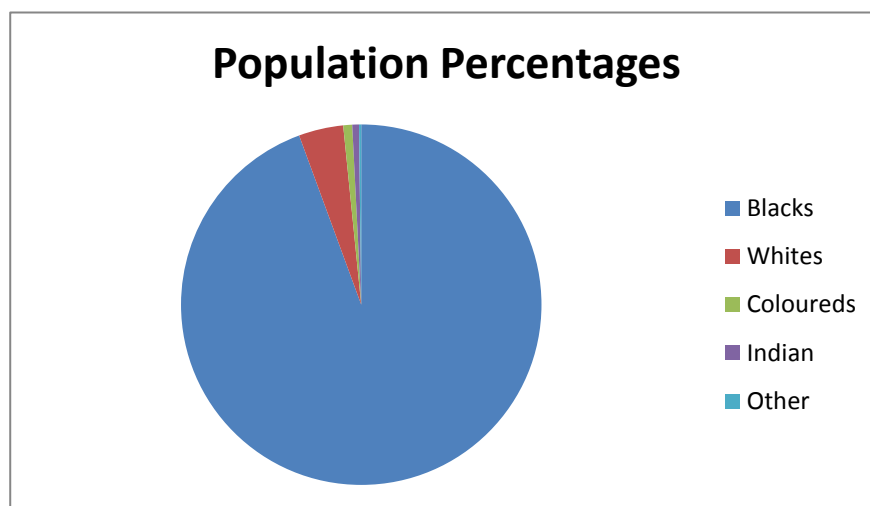
The central business district (CBD) of Masana is the one main street with about 8 business services/offices and some 28 retail and commercial trades for the local market. Community facilities include municipal offices for social assistance, libraries, vehicle licensing grounds, magisterial courts and the South African Police services (SAPS). There is one primary school in town, while the township has both a primary and secondary schools. The main municipal office of the Msukaligwa municipality is about 30kms from the citizens of Masana, a restriction for them to access the intended public good in the form of comfort and health for sustained welfare.

There are several church buildings in town and in the neighbouring township. Health centres include municipal clinics and the Umnotho Clinic in town. The branding of corporate South Africa cannot be missed along the town's main street; *Shoprite*, *Pep* stores, *Vodacom* and the *ATMs* of well-known commercial banks (*FNB* and *Standard Bank*) line the street. The social services pay-

point for different types of social grants on payout days at the end of the month becomes a hive of activity around food and clothes selling stalls set out on both sides of the main road. This is where community members build relationships based on trust when trading deals are negotiated.

Surprisingly, the wellness clinic that Umnotho and the mining house built to extend the comprehensive HIV/AIDS services in the community is not mentioned in the municipal spatial report. Equally surprising is that, despite the coal mining activity in the area, there is not a single coal merchant in Masana. There is also no mention for further town development in the report, in spite of much available land ([www.msukaligwa.gov.za](http://www.msukaligwa.gov.za)).

The need to consider the demographics in Masana is informed by the reason that its residents form the basis of all economic activities in the area, providing and consuming the outputs of that labour ([www.msukaligwa.gov.za](http://www.msukaligwa.gov.za)). Therefore, the composition of the population of Masana has a direct influence on all societal relationships being studied. For example, it is of significance to note that the population of Masana is predominantly Black and accounts for approximately 94,4%, followed by Whites at 4.0%, Coloureds at 0.8% while the Indian population recorded an all time low of 0.6% (making up less than 1% each), and other nationalities accounted for the remaining 0,2% (Stats SA 2004).



**Figure 1: Diagrammatic presentation of population percentages in Masana (StatsSA 2004)**

Some striking demographics worth mentioning in Masana are age-related; the young population (0-14-year age group) accounts for 31.6% of its total population, while the economically active population (15-64) account for 64.1% (Stats SA 2004). The reported job losses as well as female-headed households, accounting for 39.8%, not only cause disruptions in households, the norms that govern family life (socialisation) and that are fundamental to social capital, are also redefined (Makiwane, Makoe, Botsis & Vawda 2012).

Life in the community of Masana seemed communal, probably because of its geographical size. Apart from social bonds observed in most relationships of family, neighbours, friends and work colleagues, resources were also pooled to provide for the much needed social capital in times of need. As Makiwane et al. (2012:46) point out, "... neighbours become both empathetic and sympathetic as a result of their similar experiences". For example, social networks of informal social groups like women self-help groups (stokvels), and traditional healers associations, while the church provides associations through choirs and prayer groups, were observable features of this community's everyday life. These networks have strong ties as a result of the shared familiarity in culture, language and religious affiliations.

Information dissemination usually happened in support groups established at the Umnotho clinic and the informal social groups mentioned above. Government structures also facilitate periodic community meetings at the *Thusong* service centre. The centre accommodates community services such as health, licensing, and government and non-governmental organisations for social assistance and welfare. Seemingly, community members are generally not interested in meetings unless the agenda is about housing or social assistance.

### **2.3.1 The socioeconomic context of Masana**

The major cause of economic inactivity in Masana resulted from the changes in the supply and demand of available jobs. With Stats SA (2014) reporting that people who had higher education were less than 10%, most of the economically active population were unskilled and were made redundant when coal production decreased. Masana became insignificant to the national economy when its initial economic prosperity changed as a result of losing its strategic location in coal transportation (coal transportation moved from 'rail' to 'road') (Aurecon 2013), leaving its 25 000 residents with bleak economic prospects for the future.

### **2.3.1.1. Household composition**

Ndebele (2016) maintains that households exist as groups of people (one person in some instances), that live together as a unit for joint provision of food or other essentials (Ndebele 2016). Although an explication of different types of households does not form part of this study, the purpose of this study, however, requires that the functioning of nuclear, extended or even complex skip-generation households be mentioned to understand the coping mechanisms in households. For example, Ndebele (2016) maintains that there is a difference in coping mechanisms between households that have male breadwinners and those that are headed by women, as well as those headed by non-consecutive generations (grandparents and grandchildren).

The study on *In search of South Africa's second economy: chronic poverty, vulnerability and adverse incorporation* conducted in Mt Frère and Khayelitsha by Du Toit and Neves in 2007, illustrates how household composition impacts on inter-and intra-relationships of dependency, which in turn produce social capital as a resource. The study also demonstrated how economically active members of a household take turns in seizing job opportunities away from home to provide for the ones left behind, and how social grants can be allocated to benefit not only the beneficiary but the entire household.

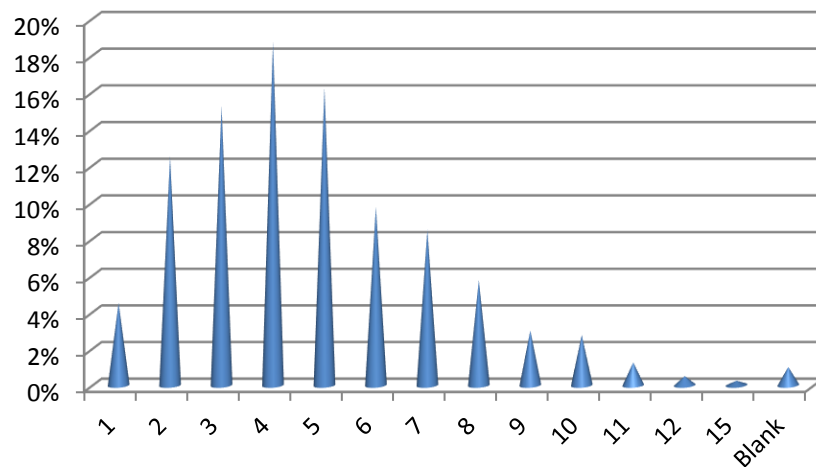
### **2.3.1.2. Household poverty and wellbeing assessment**

As part of establishing the socioeconomic wellness in Masana, Umnotho commissioned a survey in September 2008 to assess households' livelihood strategies for the past 12 months. The collected baseline information informed Umnotho's innovative programming to ameliorate the reported socioeconomic hardships within households. The survey was conducted by Umnotho's Outreach Workers<sup>10</sup> (OWs) during their routine household door-to-door visits. The study sample consisted of participants selected from 400 households.

## **Total number of people in households**

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<sup>10</sup> An innovative and empowering and employment creating intervention whereby Umnotho provides health training programmes to community members to be outreach workers.

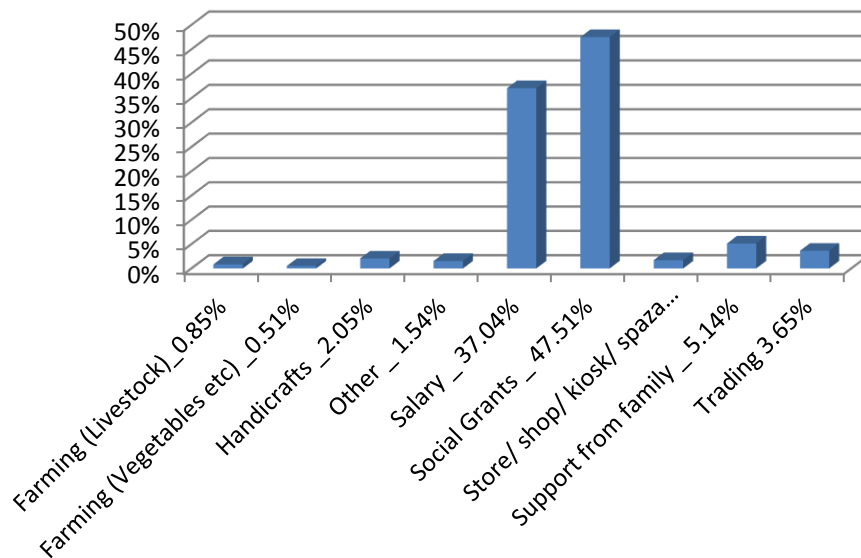


**Figure 2: Household composition in Masana (Re-Action! Consulting (Pty) Ltd 2009)**

Participants were requested to respond to six pre-set questions, covering household data, economic situation, literacy levels, community participation, as well as infrastructure and services. Of the 400 households surveyed, those with four members accounted for 18.75%, those with fewer than four members accounted for 32.25%, while those with more than four members accounted for 49% (Re-Action 2009). Such proportions suggest that almost half of the sample experienced challenges of dependency and overcrowding (Makiwane et al. 2012).

### **2.3.1.3 Sources of income for household livelihoods**

The sampled households (400) provided an analysis of their livelihood strategies, such as the means of financial and social capital. Such analyses mapped material and non-material assets as well as social capital as survival strategies. More than half (55%) of the households in the sample were headed by single mothers, indicating households with single or no income. According to Stats SA (2005), 56% of the people in Msukaligwa fell in the R0-R800 per month income bracket, with 69% depending on social grants. Other sources of income include income-generating activities by engaging in small, medium and micro-enterprises (SMMEs) such as a small spaza/kiosk, road-side vending of fruit, vegetables or other consumables, and rendering services in catering, clothes laundering and child care.



**Figure 3: Sources of income in Masana (Re-Action! Consulting (Pty) Ltd 2009)**

One challenging dynamic of household income is the social grants, which form a trusted income in most households. For example, Lekezwa (2011) points out that while social grants are intended to alleviate poverty within households, oftentimes their allocation is misdirected and they are put to other uses, leaving the intended recipients destitute. However, other societal arrangements such as *stokvels* and burial societies provide financial assistance in times of need.

Some local businesses provide some form of wage employment. The government departments (education, health, social development etc.) also provide employment for both professional and unskilled locals. Umnotho also played a significant role by creating employment for all levels of staff; professional staff, OWs and cleaners and gardeners for the HIV/AIDS prevention, treatment and care programme. In addition, some households depend on remittances from family members who work away from home.

## **2.4 Stakeholders' rationale for involvement in Masana**

### **2.4.1 The Mining House**

HIV/AIDS has been known to be common among the country's economically active and skilled people, and probably constitutes the biggest obstacle to development in South Africa (UNAIDS 2006). The mining house as an employer in the mines around Masana not only provided



employment to the economically active men in Masana, but also proved to be a socially responsible employer. The mining house admits to having recognised the dramatic impact that HIV and AIDs had on their employees (Glencore 2005-2016). The HIV and AIDS workplace that was implemented was a response to the projections of the study conducted in 2005, which predicted a worsening HIV/AIDS epidemic by 2017 (where one in every five employees would be HIV-positive). This was in mitigation of the financial cost to the mining house estimated to be R90 million per year (Glencore 2005-2016).

The mining house's concern went beyond identifying the impact of HIV/AIDS on employees as a business risk; they also felt a strong moral obligation to help with the halting of the disease as it was the right thing to do for the health of their employees. A series of discussions with the relevant stakeholders, management, employees, labour unions and Umnotho as their health and sustainability service provider, culminated in an innovative programming for HIV testing, treatment and care for all employees (Glencore 2005-2016). This constituted the extension of the HIV/AIDS workplace programme into the community. Umnotho's rationale for targeting households was informed by their conviction that *"if HIV/AIDS prevention, treatment and care are to happen, it has to start at the household level"* (Re-Action! 2009).

#### **2.4.2 Umnotho's involvement**

It is no secret that in many South African marginalised communities like Masana, the majority of clients seeking any kind of healthcare receive fragmented, incomplete and sometimes inappropriate treatment, particularly from the public sector. Therefore, as mentioned in the introductory chapter, Umnotho's involvement and role as health and sustainability agency in Masana resulted from it being a service provider for the mining house. Therefore, Umnotho had brokered a collaborative relationship between the private- (the mining house and donors e.g. PEPFAR) and public- (the government e.g. the Department of Health (DoH) sectors to pool resources to deliver health services. By implementing the philosophy behind the PPM model, this partnership could implement effective and efficient comprehensive HIV/AIDS prevention, treatment and care programme in Masana.



**Figure 4: A Public-Private Mix Model (Re-Action! Consulting (Pty) Ltd 2009)**

Starting in 2005 going forward, the PPM partnership, Umnotho and the mining house as the private sector, and the Provincial Department of Health as the public sector, combined, in some respects complementing each other's efforts to extend priority services of accredited and comprehensive HIV/AIDS prevention, treatment and care programme to the communities. This intervention proved to be a great milestone in the community of Masana as the only HIV/AIDS accredited hospital accessible was a hundred kilometres away at that time (Re-Action! 2009).

The health services were made even more accessible to the community by the door-to-door visits conducted by Umnotho trained OWs in the community. The responsibilities of the OWs included giving of health information and referring community members to health centres for HIV testing and other health screening. Umnotho could no longer ignore the negative socioeconomic determinants impacting on the health status of the community, as reported by the OWs. In response, Umnotho's strategy was to strengthen households socioeconomically to mitigate the negative socioeconomics that challenged the community's health and wellbeing on a daily basis.

## **2.5 Micro-enterprise development: a response to poverty through the social capital lens**

The commitment to achieve the MDGs set by the world leaders in the 1990s alluded to in the introductory chapter, signalled their belief that the world is in possession of resources and

knowledge that can be garnered and used to ensure that even the poorest countries can be empowered to overcome the world's main development challenges (United Nations Development Programme (UNDP) 2010: 4). In the same way, a forceful case for a new approach in development thinking was engendered by the 1990 Human Development Report stating that development is primarily and fundamentally about people. Clearly, the evolution of the 'new sociology of development' of the 1980s and 1990s (Woolcock 1998:162) was also informed by Granovetter's (2002) seminal contribution that economic development is indeed embedded in social relationships.

As a result, contemporary economists embraced the usefulness of integrating the social dimension into the economic development discourse subsequent to the calls for sustainable development (Vermaak 2006). Starting off in the 1990s, the concept of social capital was introduced parallel to other capitals – economic, physical and ecological – into development as informed by extensive empirical research and theoretical advances by sociologists and economists to bring about a shift from a 'growth-centred' to a 'people-centred' development process (Dale & Onyx 2005). A discussion following later on the two **distinct** literatures, namely ethnic entrepreneurship studies (at the micro-level) and comparative institutional studies of state-society relations (at the macro-level), lends more clarity within this approach (Woolcock 1998).

As a way of using a human-centred approach to development, governments started adopting micro-enterprising as one of the strategies in achieving the stated MDGs (Banerjee 1998). Banerjee (1998) defines a micro-enterprise as a small business operated by a low-income individual, in most instances assisted by a loan. His observations of the viability of micro-enterprise initiatives mentioned in the introductory chapter were demonstrated by successful small businesses by Latin American and African goat rearing as well as cattle and fish farming.

Banerjee (1998) reports on other development projects enterprising at a micro-level in dressmaking, flower and grocery retailing helped low-income individuals to gain economic self-sufficiency. Furthermore, his study reports on numerous psycho-social and political benefits such as a boost in self-worth, dignity, family stability and empowerment over and above the reported economic successes. This type of development is in line with the Human Scale Development (HSD) approach, which assumes a direct and participatory democratic development that encourages bottom-up creative solutions in development, as opposed to top-down, state-centred development approaches (Max-Neef 1991: 199).

This study is therefore premised on the appropriateness of encouraging economic development at grassroots level in delivering on the last two pillars of the anti-poverty drive, namely meeting the challenges of the second economy and addressing the daily socioeconomic challenges by providing for and refining the social security (Kirsten 2006; Mbeki 2003). Banerjee (1998) is of the opinion that developed nations and developing nations differ in numerous respects with regard to means of income generation for subsistence. For example, Americans have a welfare programme while people in countries like India and Bangladesh have to find ways to survive. Hence, during 1980 – 1985, the Indian federal government addressed such challenges by endowing income generating assets to the asset-less, through its Integrated Rural Development Plan (IRDP) (Banerjee 1998: 66). Ramachandran and De Campos Guimaraes (1991: 59) report that IRDP beneficiaries in more than 15 million rural families received loans, and more than half (53%) were able to make prompt repayments. Of the remaining 47% with “bad debt”, 25% owed between ₹251 and ₹1 000, 16% ₹1 000-₹2 000 and 6% more than ₹2 000. On analysing the cited causes of these bad debts, they include unrealistic repayment schedules, non-viability of the scheme and lack of provision of needed linkages.

Although South Africa endorsed initiatives like micro-enterprising for poverty alleviation and reduction, its strategy seemed not to be socioeconomically empowering to marginalised people. The services and products produced for the local economy envisioned to assist in rebuilding communities from within (Banerjee 1998) failed to build self-reliant communities caught in the seemingly intractable negative impacts of poverty.

The South African government’s national strategy for the small, micro- and medium-enterprise (SMME) sector initiated micro-enterprises to achieve positive economic outcomes in poverty reduction, job creation opportunities and equitable wealth distribution (Suwanakul 2009); however, an analysis of its favoured ‘supply-side’ approach revealed weaknesses (Peters & Naicker 2013). For example, state-owned companies were used to create business hubs to develop SMME’s capabilities by enabling them to access products and services offered by both provincial and national economic development institutions. The government envisioned the business hub model to be replicated throughout the country, especially in priority provinces. Hence the collaboration with government agencies like **seda** (small enterprise development agency), NYDA (National Youth Development Agency) and SARS (South African Revenue Services), with the intention of coordinating government efforts to develop micro-enterprises.

Furthermore, the fact that micro-enterprise development interventions are provided by different economic development institutions, suggests the usefulness of collaborative efforts to development. This collaborative approach confirms that a “one-size-fits-all” approach to development could be unrealistic (UNDP 2010). However, a collaborative approach could also be suggestive of an incoherent government strategy marked by interference from multiple bureaucracies causing confusion, passing the buck and duplication.

What follows is a discussion on the importance of social relations in economic development, highlighted by the role of collective action to ameliorate poverty (Woolcock & Narayan 1999) ; Du Toit et al. 2007: 536).

## **2.6 Cooperative micro-enterprise development**

*“It is a staple notion that involvement and participation in groups can have positive consequences for the individual and community.” (Alejandro Portes 1998: 2).*

From as early as the 19<sup>th</sup> century, people all over the world have found different ways to cooperate either formally or informally, in the production of goods and services across different types of economic systems (Philip 2003). It is for this reason that the cooperative model of development has continued to inspire governments to encourage entrepreneurship and innovation in creating sustained wealth, fostering participation of the poor, and socially excluded people in their own development (De Vos 2009). For example, as a result of the meaningful role cooperatives play in uplifting the socioeconomic conditions of their members and their local communities, the International Labour Organization’s (ILO) recommended that the business potential be promoted (recommendation No. 193), while the World Bank endorsed them as economic enterprises that can contribute to the realisation of the MDGs by 2015 ([www.un.org](http://www.un.org)).

### **2.6.1 What is a cooperative and what defines it?**

The International Cooperative Alliance (ICA), recognised as the legitimate international home of cooperatives, defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise” (Philip 2003: 7). This definition is underpinned by seven cooperative principles enshrined in the ICA statement on Cooperative Identity that was

adopted at the 1995 congress and general assembly (Philip 2003: 7). A succinct summary of the principles of collective action and ownership, voluntary participation, democratic control, getting services at cost, ease of accessing resources, and benefits that are proportional to use was given by Hardesty (2012) as user-owned, user-controlled and user-benefit.

The different types of cooperatives have different priorities, face different challenges, and have different track records and social impacts; however, they are all categorised as either worker-owned or user-owned (Philip 2003: 4). In the former, members have both democratic ownership and control, while members of the latter have an option of using the cooperative's services without being owners or workers. Most cooperatives fall into the first category with its challenges and tensions of members being in both the decision-making and business efficiency roles (Philip 2003). Later in the discussion we see how the democratically elected South African government was challenged after taking the baton of the cooperative movement under the different socio-political environments of the post-1994 democracy (Department of Trade and Industry 2010). A brief discussion on the history and some commonalities experienced across countries on the development of the cooperatives will be insightful for the purpose of this study (De Vos 2009).

## **2.6.2 A snapshot of the international experience of cooperatives**

Before a discussion on cooperative development in South Africa, an overview of international cooperative development is provided to give some background to our study. However, De Vos (2009) cautions that, because of the unique nature of the socioeconomic and political environment in different countries, to expect achievement of similar results by transferring concepts and ideas directly from one region to the other is unreasonable. For example, how the cooperative eventually functions in addressing the presenting need is informed by the socio-political history, philosophy and value system of that particular country (De Vos 2009). What follows is an overview of cooperative development in European states (Spain, Italy and Britain), Kenya and South Africa.

### **2.6.2.1 Cooperatives in Spain, Italy and Britain**

In Spain, more than 60 years ago, the Mondragon cooperative was established in the Basque region by Jose Maria Arizmendiarieta, a Catholic priest, assisted by five young students of the democratically run local Polytechnic school (Rolland 2006; Philip 2003). The reason behind setting up the cooperative was to stimulate the local economy as Spain was suffering an economic

recession under the dictatorship of General Franco at the time. This move resulted from a deep need for solidarity among the Basque people, who felt oppressed and excluded by the socio-political environment of the time (Rolland 2006). Informed by a Catholic philosophy of social doctrine, the founder lived his dream of collective solidarity and his belief that wealth is created with and by the people (Rolland 2006).

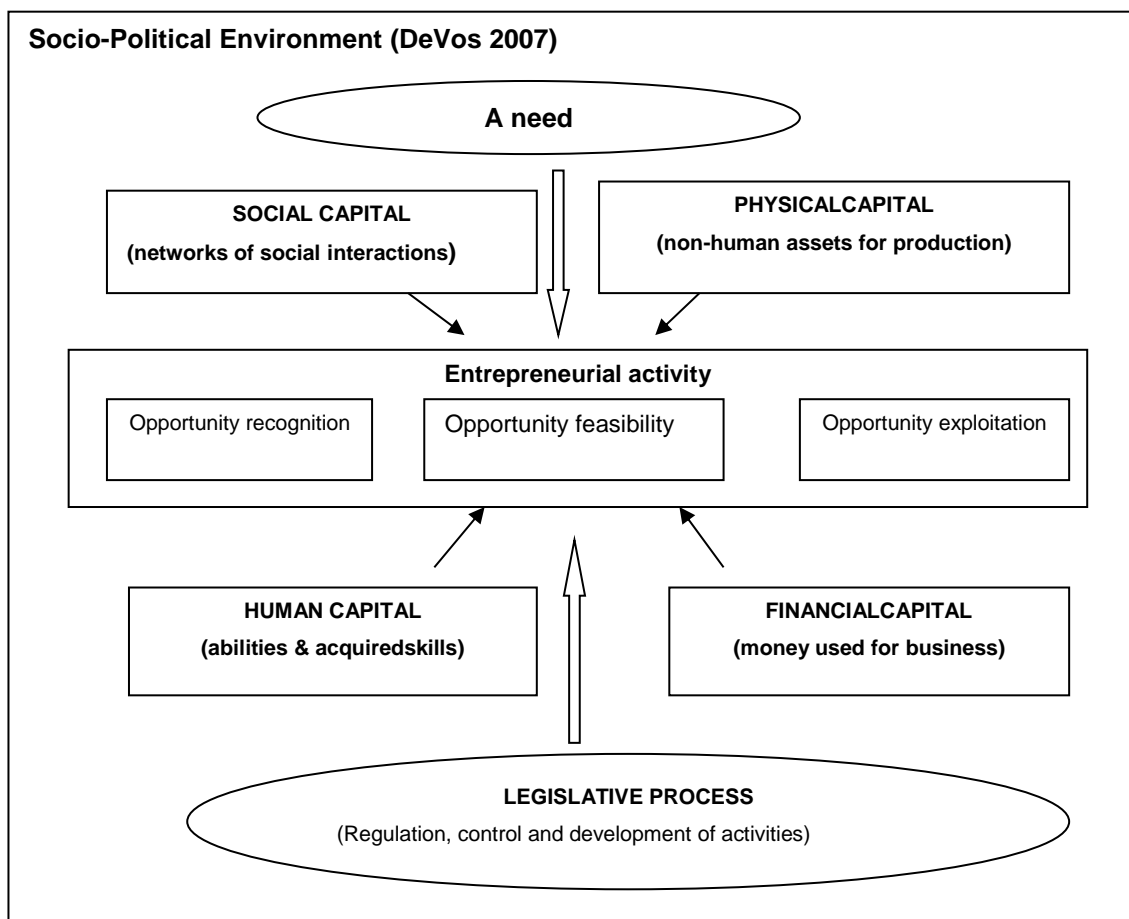
The growth of cooperatives was reported to have increased from a start-up membership of five students to a membership of 68 000, boasting an asset base of 14 billion pounds in just ten years (Rolland2006; Phillip2003). The Mondragon cooperative owed such successes to the decision to reverse the structure of power in business (De Vos 2009). For example, a key element used to ensure the Mondragon success was its unique capital and ownership structure – an attempt to find a balance between the desires of the workers and to maximise income and capital reserves (Philip 2003). In addition to this, there was a fixed membership fee that was payable annually; any surplus money was divided percentage-wise between community projects and capital reserves. This translated to the cooperative having a large capital resource pool to draw on.

The cooperative structure also provided for a mechanism to overcome tensions created in a classic cooperative model and had institutionalised notions of how democracy worked in production (Philip 2003). For example, there were annual elections of a management board and a social council who took care of worker participation in production and social issues affecting workers (Philip 2003). The criticisms levelled against this structure were muted by the fact that the structure served the cooperation well for over 60 years.

Although the Italian and Austrian cooperative systems also developed in the mid-19<sup>th</sup> century (around 1844), the Italian cooperative movement grew considerably in the first decade of the 20<sup>th</sup> century (Rolland 2006). It is reported that Italy had 7400 cooperatives with over one million members in 1910; its growth did not allow the rise of Fascism of the 1920s to slow it down; it picked up in the post-war period and contributed significantly to the country's modernisation. In addition, the political environment at the time was one of great resistance from the people and, with the inclusion of Emilia-Romagna into the papal state of the Italian kingdom, counter-oppression created a need for solidarity among the disadvantaged and saw the formation of cooperatives with the overt aim of meeting social needs the government could not meet (Mori 2014). Like in Spain, the Catholic Church, supported by Mazzini's principles of a free democratic Italy, provided strong leadership. The Italian cooperatives boast impetuous growth attributed to

an expansion in consumer activism that played a key role in providing secure marketing outlets for goods produced by the cooperatives (Philip 2003).

In England, as early as 1844 in Rochdale near Manchester, a man called Owen championed the formation of the first British consumer cooperative in response to poverty (De Vos 2009). Some 28 low paid textile weavers used part of their wages to collect a reserve that they used as start-up capital for their small shop, which expanded to a producer cooperative after ten years (Wanyama et al. 2009). The other reported cooperative successes include a rise in membership (from 28 to 11 000 within 41 years) and funds (from 22 to 45 000 pounds within the first year of operation) (De Vos 2009). Such successes were attributed to the cooperative being guided by self developed principles as well as factors depicted in the model below:





**Figure 5 The Cooperative Model (De Vos 2007)**

### **2.6.2.2 The development of cooperatives in Kenya**

According to De Vos (2009), the first true cooperative in Kenya was established by the European settler planters of tea and coffee. However, because of colonial rule at the time, cooperative development did not originate from the interests or motivations of the Kenyan people themselves, because colonial governments used such organisations for their own achievements.

As a result of the 1919 British colonial rule, the approach taken to establish cooperatives in Kenya was oftentimes either paternalistic (Belgium) or that of assimilation (France) – the need for formation being to implement the socioeconomic policies of colonisers (Wanyama et al. 2008). To illustrate, Wanyama et al. (2008) point out that in Kenya, cooperatives established by the British served to promote and protect the interest of the white settler farmers: enhancement of productivity aimed to export cash crops to Britain to fuel industrialisation further. Similarly, cooperatives formed by France were used as vehicles to implement the policy of assimilation (transforming the African culture to a French one), while Belgium formed cooperatives in a paternalistic way to keep Africans relatively subservient and underprivileged.

As a result, cooperatives formed in Africa under colonial rule suffered from dependent development through imposed legal frameworks, promotional schemes and financing systems (Wanyama et al. 2008). It was only after the 1963 Mau Mau uprising when Kenya was granted independence that the ‘Africanising’ of the cooperative structure began, followed by the Kenya National Federation of Cooperatives in 1964 (De Vos 2009). Although Kenya benefited from the move to liberate cooperatives from colonial rule in the 1980s, like most of the African countries, Kenya unfortunately retained the dependent pattern of cooperative development modelled by colonial history, even after independence (De Vos 2009).

### **2.6.2.3 The development of cooperatives in South Africa**

The modern history of South Africa cannot ignore the role played by cooperatives in the development of its economic foundations, particularly those in the agricultural, services and financial sectors (Satgar, 2007). The evolution of cooperatives started as early as the 19<sup>th</sup> century when foreigners invaded the Transvaal seeking their fortunes in the diamond and gold mines. In response, strong patriotic feelings of “*Eendrag maakt mag*” – “*Unity is strength*” – were evoked

and mobilisation of grape farmers in the Cape to promote the production and exporting of wine in 1824 culminated in the registration of the first cooperative in 1892 (Satgar, 2007; De Vos 2009). This socio-political environment in the 20<sup>th</sup> century sought to empower the Afrikaner nation by organising production and consumption through forming cooperatives not only used the logic of accumulating capital; it coexisted with the logic of deep solidarity (Satgar 2007).

Satgar (2007) maintains that the recurring debates about the idea of forming a cooperative movement in South Africa seemed appropriate for the post-apartheid development process, given its irrational and racial relations of production. As a result, special measures to support cooperatives as part of strategies that create wealth and jobs to address the ills of the 'second economy' were ultimately endorsed in the Presidential Growth and Development Summit held in July 2003 (Philip 2003). Responsibilities for cooperatives were then transferred from the Department of Agriculture (DoA) to the Department of Trade and Industry (DTI), where a Cooperative Enterprise Development Division was established (Philip 2003).

The cooperative movement had to develop supportive relationships in various ways to be sustainable because of the insufficient support it received from the government (Satgar 2007). The two post-apartheid cooperatives in South Africa cited by Satgar (2007) as the most successful include the Heiveld Rooibos Cooperative in the Northern Cape and the Midrand Eco-Village secondary cooperative in Ivory Park. The former, a primary cooperative<sup>11</sup> to promote social justice and economic development, was started by its 51 members in the year 2000. Its members, who were reportedly marginalised due to their skin colour and lived as farmers on the outer social spectrum, had no representation or direct access to markets. However, as a result of mobilising and linking to other institutions such as 'Fair Trade', their production currently boasts about 60 tons of the finest rooibos tea for local and export use (Satgar 2007).

The Midrand Eco-Village, a secondary cooperative<sup>12</sup> is part of the global Ecovillage networks with a vision of empowering citizens and communities (Satgar 2007). Such cooperatives manage the eco-villages spaces and work closely with the eco-trust towards a sustainable future, building

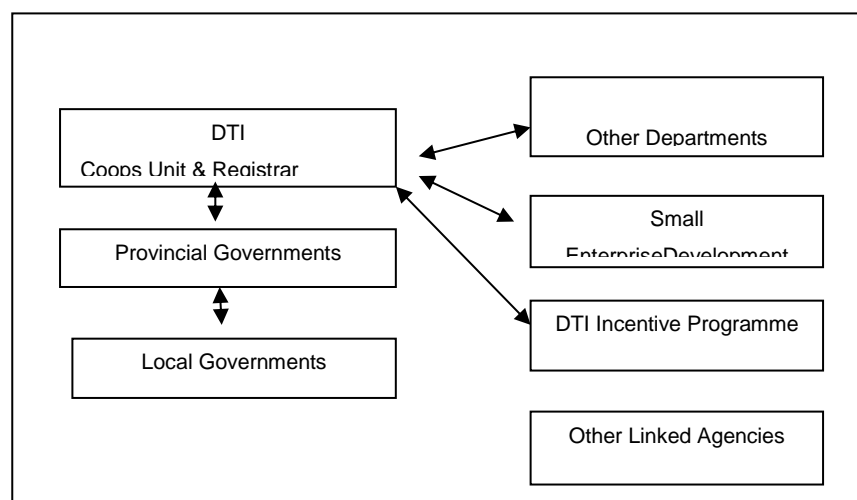
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<sup>11</sup>A cooperative formed by a minimum of five natural persons whose object is to provide employment or services to its members

<sup>12</sup>A secondary cooperative is formed when two or more cooperatives involved in similar activities come together to promote their services.

bridges of hope and international solidarity (Satgar 2007). Such successes are attributed to the willingness of cooperatives to link with other institutions while remaining autonomous.

The next level of cooperative initiated support at sector level is through existence of sectoral bodies with the intent of providing capacity building and a voice to affiliated bodies (Satgar 2007). For example, the Savings and Credit Cooperative League of South Africa (SACCOL) founded in the 1980s and supported by the Catholic parishes, is organised through 40 Savings and Credit Cooperatives (SACCOs) in various parts of the country. Its database is said to boast membership of over 50 000, with an asset value of R80 million (Satgar 2007). Some non-governmental organisations (NGOs) are alongside such sectoral bodies supporting primary cooperatives.



**Figure 6: DTI-Centred Cooperative support system (Satgar 2007).**

As can be expected, the development of the cooperative movement was not without challenges. The first attempt to develop a South African Cooperative Movement in the new democracy failed dismally (Satgar 2007). Two years down the line, representatives of several sectoral bodies including the Agricultural Cooperative Business Chamber (ACBC), the National Cooperative Union (NCU), the South African Cooperative Network SACNET and SACCOL supported by the government-funded Canadian Cooperative Association (CCCA) of the Canadian International

Development Association (CIDA), came together to launch a National Cooperative Association of South Africa (NCASA). Unfortunately, the CCCA as a funder used its financial leverage and dictatorship to define the NCASA's organisational form and roles from the top. Needless to say, the top-down attempts by the South African government to restructure NCASA from within also failed, leading to the downfall of NCASA as a national apex body (Satgar 2007).

#### **2.6.2.4 The challenges experienced by cooperatives in South Africa**

The role cooperatives have played in the development of the economic foundations of the modern history, backed by reports of the resultant economic self-sufficiency at micro-level discussed in section 3.2 above cannot be ignored (Satgar 2007); however, the awareness of the constraints that cooperatives in the developing countries face tempers such optimistic views ([www.un.org/ar/events/cooperativesday](http://www.un.org/ar/events/cooperativesday)). It is particularly appropriate to mention that, although the South African government focused on the collective entrepreneur model (cooperatives) to address unemployment and underemployment for millions of South Africans, it has proved extremely difficult in reality for cooperatives to succeed and become sustainable (Phillip 2003).

The study on *Challenges facing LED agricultural cooperatives in the Greater Tzaneen Municipality* conducted by Gala (2013) explains the challenges that cooperatives usually face. The most common challenges include a lack in the government policies that pledge support, limited resources such as skills and working capital, lack of access to suitable working premises and raw materials and, most importantly, lack of market opportunities. The successes of the Mondragon cooperative discussed in subsection 3.3.2.1 above show that cooperatives in developed countries and developing countries like South Africa differ. To illustrate, while the Mondragon cooperative owes its success to its unique capital and ownership structure, South African cooperatives, even though endorsed in the Presidential Growth and Development Summit in 2003, had to find and develop own means to be sustainable because of the insufficient support it received from the government (Satgar 2007). Because of this, it became crucial for governments and the development community to consider building supportive relationships of all forms for sustainable cooperatives.

While cooperatives **were** faced with threats and challenges of discriminatory government policies in the past, variable successes and sustainability have been reported across countries Mori (2014). Seemingly, failure of cooperatives mostly results from over-regulation from governments,

or inappropriate government policy frameworks coupled with poor internal governance, which can lead to lack of trust in the process (Wanyama, Develtere & Pollet 2008). However, such failures often call for constructive structural changes.

With particular reference to the theorised role of social capital in economic development at grassroots level, my argument on social capital focuses more on social relations at the micro-level, where people opting for collective beneficiation live, work, pray and recreate as members of various but distinct social groups (Woolcock 1998: 154). Furthermore, since all development interventions occur in a social context characterised by a delicate mix of informal and formal networks, social capital is also discussed at the meso level to highlight the importance of the role of government and non-governmental institutions in creating and facilitating enabling supportive environments for economic development (Gomulia 2006).

The next chapter discusses the theory on which this study is based.

## **CHAPTER THREE**

### **SOCIAL CAPITAL THEORY**

#### **3.1 Introduction**

The aim of this chapter is to discuss the theoretical views on social capital as an account of what informs its usefulness in economic development, as well as its consequent rise to prominence (Cruz, Stahel & Max-Neef 2009; Vermaak 2006). As social capital, dubbed “the missing link” in economic development, is further explored, the focus is on its recognition as one form of the non-material capital regarded as an important production factor especially within communities (Svendsen & Svendsen 2003: 616). The analyses of the intellectual evolution of social capital by Bourdieu, Coleman and Putman also attempt to construct a consistent and general theoretical framework to avoid reductionist economics (Svendsen & Svendsen 2003: 610). Lastly, an overview of the criticisms levelled against the concept of social capital is portrayed in line with its recent tremendous extension in scope and depth (Fine & Lapavistas 2004).

According to Svendsen & Svendsen (2003: 614), Bourdieu’s expanded version of the concept “capital” into different forms, namely material (economic) and non-material capital

(symbolic, cultural and social), highlights the interrelatedness of all these forms of capital in economic development. Coleman's investigations of the micro-sociological processes like socialisation and network relations explicate strategies used by actors to accumulate capital. Unlike Bourdieu and Coleman, Putman stretched the concept of social capital and conceptualised it as an attribute possessed by communities and nations with consequent effects on development (Portes & Landolt 2000). Hence the resultant recognition of social capital as a production factor just as other traditional factors (Svendsen & Svendsen 2003: 625).

Examples of social capital provided below are drawn from the empirical literature to shed light on its implied significance in economic development at grassroots level. Using associational life in communities, I examine social capital inherent in and created from formal and informal horizontal associations between people: in families, friendships, neighbourhoods and at community and institutional levels. The role of social capital inherent in horizontal and vertical social relations unfolds as the discussion unpacks how these relations cannot be understood separately from the meaning-giving practices in different contexts (Du Toit, Skuse & Cousins 2007).

Lastly, of the criticisms levelled against the theory of social capital, the emphasis is on its unilateral focus on positive effects. For example, in development, functional social capital seen in networks with strong bonds of solidarity can also be dysfunctional if members of the in-group either exclude others or their growth outside the group is constrained (Svendsen & Svendsen 2003: 622).

### **3.2 What is social capital?**

Grootaert and Van Bastelaer (2001: 4) consider social capital as relationships, attitudes, norms, values and institutions that govern how people interact and contribute to mutual socioeconomic benefit. It simply means that the links that people hold and share enable them to trust each other enough to work together and so to benefit collectively. The essential characteristics of social capital extracted from viewpoints of scholars like Putman (1993), Woolcock (2000), Coleman (1988) and Paxton (1999) include intangible substances such as goodwill, fellowship, sympathy, trust, love etc. (De Vos 2009). Its structural dimension that involves networks, ties and connections between people represents features of social organisation that can improve the efficiency of society by facilitating coordinated actions (De Vos 2009). However, due to its contested wide usage and the looseness of its application (Du Toit et al. 2007: 522), vigorous

debates continue between sociologists, political scientists and economists whether social capital is really, “capital”, or whether it is constructed, produced or an endowment (Narayan 1999).

According to Fine and Lapavitsas (2004), the rationale behind the conceptualisation of social capital was to complement the economic analysis in development and to highlight the importance of social relations as an accessory in the development process. While differences in the conceptualisation of social capital remain, there is an agreement between sociologists, political scientists and economists that social capital is unique because it is relational. This means that a person must be related to others because it is in the relationships with others and not with the self where the actual source of the social capital related advantage is (Narayan 1999: 6). Coleman (1988) also observed that social capital cannot be a private property of any person; it exists only when it is shared. In Narayan (1999: 6), an example illustrates further that, “whereas economic capital is in people's bank accounts, human capital inside their heads, social capital inheres in the structure of their relationships” and has public good characteristics.

The nature of the structure of these relationships tends to be horizontal or vertical, with the former being closed and homogenous as seen with families, friendship circles, community networks and institutions (Paxton 1999: 89; Halpern 2005; Vermaak 2006). The latter is found in socially heterogeneous groups like formal institutions and cross-culturally (Reznik 2010). It is the social capital inherent in these structural relationships or associations that produce private or public goods to individuals or collectives (Boix & Posner 1996). Adages like “it's not what you know, it's who you know what matters” (Fine & Lapavitsas 2004:17) and “my connections can help me ... I know people in high places” (Narayan & Cassidy 2001) illustrate the resourcefulness of social capital, qualifying it as an “asset” to be called upon when needed for help, enjoyment or profitability (Woolcock & Narayan 1999). What remains central to the definitions of social capital offered by Bourdieu (2012), Coleman (1988) and Putman (1993), remains important, namely the “resourcefulness of relationships of mutual acquaintance brought about by social organisation and connections of people sharing instantiated informal norms that promote cooperation between two or more individuals” (Vermaak 2006).

For the purposes of this study, I define social capital as the obligatory norms of reciprocity, respect and trust, and social relations embedded in the social structures of society, that enable people to coordinate and cooperate for the good of collective outcomes.

### **3.3 Theories of social capital**

The notion behind the concept of social capital that social relations as well as social structures have the potential to generate benefits for individuals and collectives, can be traced back to the works of classical authors from a variety of fields (Paxton 1999). For example, Hanifan, a state supervisor of schools in West Virginia, back in 1916, was the first one to use the concept of social capital in advocating the importance of community involvement in the successes of schools (Woolcock & Narayan 1999). The concept remained obscured, we are told, until Bourdieu and Coleman brought it back into sociological debates.

The development of a theoretical body and a research programme around the concept of social capital is attributed to the works by Pierre Bourdieu (1979/1986) and James Coleman (1988). These two sociologists devoted time and effort in defining the concept in terms of its components, features, sources and the way it relates to other types of capital (economic, symbolic and cultural). For Bourdieu and Coleman, the emphasis was on the benefits that social capital yields to individuals and groups (Portes & Landolt 2000). The transitional stretch to the concept of social capital by Robert Putman, a political scientist, made it possible to refer to it as a “stock” possessed by communities and nations resulting in positive developmental outcomes (Portes & Landolt 2000: 535).

#### **3.3.1 Social capital as networks of relationships: Pierre Bourdieu**

Bourdieu, a French theorist and philosopher, defines social capital as “the aggregate of the actual or potential resources which are linked to the possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition” (Bourdieu 2012: 174). This definition posits two components of social capital: a resource that is connected with group membership and networks, and its ability to acquire symbolic character given that it is based on mutual cognition and recognition (Siisiainen 2000). These characteristics validate relations within networks and symbolic recognition as potential resources that can benefit members socially as well as economically (Svendsen & Svendsen 2003: 618).

Bourdieu was one of the first contemporary sociologists to produce a systematic analysis of social capital (Reznik 2010: 3). He went to great lengths in re-introducing capital in its different forms (economic, cultural, symbolic and social) into social theory (Reznik 2010: 6; Siisiainen 2000). Bourdieu maintains that the concept “capital” is broader than its monetary notion in economics.



For him, capital is a “resource” that can assume both monetary (tangible) as well as non-monetary (intangible) forms. Other authors refer to this distinction as the material and non-material forms of capital (Anheir, Gerhards & Romo 1995: 862; Svendsen & Svendsen 2003: 616).

All forms of capital in the form of cash savings and liquid assets (economic), social networks and relations of trust and reciprocity (social), material exchange (symbolic) and useful and productive skills (human/cultural) are important assets in all fields found in social structures (Gelderblom 2014). Implied here is that, all forms of capital, once manipulated, strengthened and interlocked can bring about sustainable empowerment and social change needed for poverty reduction (DuToit et al. 2007: 523). As mentioned, access to power and ultimately material wealth depends on cumulative acquisition of proportionate types and amounts of capital (Anheir et al. 1995).

Bourdieu defines capital broadly as “accumulated human labour” or “the weight of the past on the present” (Gelderblom 2014: 7). This means that previous cycles of individually and/or collectively accumulated capital create permanent networks of resourceful relationships with potential to produce different forms of capital (Svendsen & Svendsen 2003: 608). Reznik (2010) contends that social capital (resourceful connections) is of no significance if it is without an investment of some resources in the form of other capitals. For example, an investment of economic capital is required in order to acquire cultural capital (educational qualifications) as well as symbolic capital (status and influence). The consequent possibility is therefore that people who have accumulated too little capital will have other possibilities closed off to them (Gelderblom 2014).

Bourdieu’s stance is that social capital is shaped by power relations (Du Toit et al. 2007). He also insists that social capital is a property of fields (Gelderblom 2014). Fields are believed to be autonomous parts of society equated to the notion of institutions that provide settings for competition over allocation of different forms of capital between actors (Gelderblom 2014). It simply means that actors occupying these spaces within society are continually contesting for positions (Siisiainen 2000). This means that the struggles and conflicts that ensue in a given field get decided by the amount and type of capital actors possess. These different settings for competition highlight the pervasive inequality among actors (Gelderblom 2014). It is significant to keep such analyses of capital alive in the field of development as a way of understanding how poverty amelioration and reduction processes can both empower and marginalise actors to get out of or remain trapped in deep poverty (Du Toit et al. 2007: 522). According to Bourdieu (2012),

it follows therefore that the four types of capital are reducible to economic capital which is at the root of all types of capital.

### **3.3.2 Social capital and useful social relationships: James Coleman**

James Coleman, an American sociologist from the University of Chicago, defines social capital as “a variety of entities with two elements in common, consisting of some aspect of a social structure and facilitating certain actions of actors within that structure” (Coleman 1988: S98). Coleman defines social capital by its functionality; not by what it is, but by what it does (Reznik 2010: 7). He sees the value derived from social relations as potential resources that can be used beneficially in the future. Coleman’s explanation of social capital identifies its three forms: obligations, expectations and norms (Coleman 1988: S119). Coleman contends that while obligations and expectations depend on trustworthiness of the social environment and information flow capability of the social structures, norms are accompanied by sanctions. The social capital that inheres in social relations of rational actors not only provides the basis for action, it is also used for the acquisition and flow of information (Coleman 1988).

For Coleman, social capital is a collective good produced to benefit actors in a network, including those unknown to them (Svendsen & Svendsen 2003). What is implied here is that social capital is conceptualised as resources inherent in relations between actors and among actors, a capital asset that is not lodged in individuals per se, but in relationships they belong to (Paxton 1999: 92). Coleman’s implied resourcefulness of social capital is of a stock, a store and a foundation from which other actions, individually or collectively, might be undertaken to meet mutual interest (Winter 2000).

Coleman maintains that social capital is the source of social control, hence his particular concern about the disintegration of “primordial” social ties that guarantee the observance of norms (Portes & Mooney 2002: 305). Coleman posits that network structures of families, friends or neighbours have “closure” if they know each other well, share the same values, have mutual trust and meet regularly to ensure common norms for social control (Svendsen & Svendsen 2003: 620). In addition, the degree to which a particular group forms and not just becomes an aggregate of individuals signifies closure (Portes & Sensenbrenner 1993: 1332). Similarly, closure is important not only for the existence of effective norms but also for trustworthiness that allows proliferation of obligations and expectations in the group. Coleman has demonstrated statistically that network

structures that have closure possess larger stocks of social capital and enjoy benefits from reciprocal obligations, expectations and norms (Coleman 1988).

Coleman posits that social capital has evolved from rational choice and structural functionalist foundations (Paxton 1999). For Coleman, rational choice is a fundamental requirement of sociological analysis; social actors with roles of internalised norms of trust and sanctions within family and community networks will have strong interests and will consciously seek to plan and execute strategies to fulfil these (Svendsen & Svendsen 2003: 615).

Coleman uses the process of negotiating a sale in the wholesale diamond market to illustrate mutual confidence among economic agents acting in accordance with collective interests (Paxton 1999: 93). Here social capital allows individuals with close ties (through family, community and religious affiliations) to secure deals. A diamond merchant would hand over a bag of stones that could be worth thousands or hundreds of thousands of dollars to another merchant for inspection at leisure, without insurance or deposit charges. At that time, such free exchanges were regarded as important to the functioning of the market and were carried out to avoid transaction costs. This indicates the capacity of social capital in reducing transaction costs on the basis of network structures that link individuals with ties that are trusting, reciprocal and involving positive emotions (Paxton 1999: 93). From what have been said so far, Coleman regards social capital as a producer of public good by shaping actions of rational agents who purposefully establish relations and maintain them for as long as they are beneficial (Coleman 1988).

### **3.3.3 Social capital as collective action: Robert Putman**

Putman, a political scientist, is regarded as the third key author who contributed substantially to recent social capital debates and literature (Vermaak 2006). Unlike Bourdieu and Coleman, Putman makes social capital operational at a different social scale, pitching his interest at how social capital supports democratic institutions and economic development at regional level (Winter 2000).

Fine and Lapavitsas (2004: 20) maintain that Coleman's approach to social capital would have remained less noticed, had it not been for Putman's efforts to make it popular through his publications and seminars. For example, his theoretical conclusions about civil society in his book *Making Democracy Work: Civic Traditions in Modern Italy* not only contributed compelling

arguments, it also initiated research agendas that generated more discussions and debates than any work in political science of recent years (Boix & Posner 1996). Putman was not the first writer to bemoan the disintegration of civic culture and the corrosive influence of materialism in the USA (Boggs 2001). He, however, almost achieved celebrity status with his use of the metaphor “bowling alone” when he characterised the transformation of the American social and political life in the post-war era.

Putman conceptualises social capital in three components: moral obligations and norms, social values like trust, and social networks (especially voluntary organisations) (Siisiäinen 2000). Seemingly, the three components are what informed his definition of “networks, norms and trust, which facilitate co-ordination and cooperation for mutual benefit” (Svendsen & Svendsen 2003: 620). Putman advocates social capital as the collective value of all social associations with different social capital building capacities as well as different implications for cooperation (Boix & Posner 1996). Although his definition effectively follows that of Coleman and Bourdieu, his focus and concern about the positive outcomes of social capital is on the behaviour at system and civil society levels and not at the level of individuals and groups (Coleman 1988: S101); - hence, his theorising that a successful accumulation of social capital is needed for a region to have a well functioning economic system as well as a high level of political integration (Siisiäinen 2000).

Putman’s analysis of social capital avoids sociological issues like social stratification and socialisation as discussed by Bourdieu and Coleman respectively (Svendsen & Svendsen 2003). His analysis focuses mainly on networks of civic engagement found in neighbourhoods and voluntary associations, choral societies, cooperatives, sports clubs or mass-based parties. He sees these as essential elements of social capital because they foster robust norms of reciprocity (Winter 2000). These norms of reciprocity are believed to fuel social trust among network members, with resultant altruistic actions that contribute to the welfare of others.

What type of community can be classified as civic, one may ask? According to Putman (1993: 6), a community that is civic is identifiable by the public activities of its citizens, such as taking part in voting polls, reading of newspapers to stay informed, participation in sports clubs and voluntary cultural associations, as well as cooperating for mutual benefits in social networks. Boix and Posner (1996) summarise the characteristics of a civic community as strong social networks, positive institutional performance, and norms of trust and reciprocity that are fostered among members of networks and community associations. An informal savings institution called ‘a

rotating credit association' (a *stokvel* in most South African townships) serves as a brilliant example of spontaneous cooperation facilitated by social capital. Members selected based on reputation for honesty and reliability meet regularly to make a small capital contribution to a common fund, portions of which are loaned to members on rotational basis. Although it sounds risky, members continue to make contributions as a result of mutual trust. Naturally, this type of association uses enforceable trust, what Coleman referred to earlier as 'internal sanctioning capacity' using credible sanctions like ostracism (Putman 1993: 168).

Voluntary associations are a source of mutual trust and reciprocity, with members acting for the general (public) good, not because they know other actors (Putman 1993). This is because members 'generally' trust that their actions will be rewarded or reciprocated (Siisiäinen 2000), what Putman (1993) refers to as generalised trust. However, he chooses to ignore the effects of possible distrust between members of the in-group.

In brief, Putman's main argument is on a pervading sense of civic malaise and disengagement and he believes that it is because of 'eroded' social capital (Boggs 2001). His emphasis is thus on civic engagement and associational life that offer a positive version of how individual and organisational social capital is formed and sustained at group and institutional levels (Wong 2007).

### **3.4 Social capital and economic development**

From the preceding discussions, the idea of integrating social capital into the model of economic performance does not sound unreasonable. Social capital is believed to not only offer a way of bridging sociological and economic perspectives, it also provides richer and potentially better explanations of economic development (Fukuyama 1999). Economic scholars and theorists like Solow (2000), also attribute the close association of social and economic processes to social capital inherent in social networks.

#### **3.4.1 Social determinants of economic action**

The re-emerging field of economic sociology explores different forms in which social structures affect economic action (Portes & Sensenbrenner 1993). By the same token, this field was also reinforced by the introduction and use of the concept of social capital. Granovetter's explanation of how social structures affect economic action through the concept of embeddedness was in

direct criticism of economists' "pure market approach" (Portes & Sensenbrenner 1993: 1320). Although no explicit definition of the concept was offered, the assertion was that economic action is embedded in concrete, ongoing systems of social relations (Portes & Sensenbrenner 1993: 1321).

In explicating how social structures can constrain, support or derail individual behaviour in economic action, Portes and Sensenbrenner (1993) offer a more systematic understanding of the different sources of social capital, namely: value introjections, reciprocity transactions, bounded solidarity and enforceable trust. Seemingly, value introjections, guided by the values entrenched during socialisation emphasises moral character appropriable as a resource. Social capital also arises from reciprocal transactions as members of a collective give and receive favours, information or approval (Portes & Sensenbrenner 1993: 1324).

Bounded solidarity refers to sentiments that emerge when a group of people face a similar situation, oftentimes adversarial (Portes & Sensenbrenner 1993). The emergent sentiment of the "solidarity" or "togetherness" tends to form strong and close bonds within the group as they observe norms of mutual support appropriable also as a resource. What Portes and Sensenbrenner (1993) refer to as "enforceable trust" results from members' compulsion to behave in an almost predictable manner as a result of loyalty towards the group as well as fear of punishment or in anticipation of rewards. From a strong instrumentalist orientation, the predictable behaviour is in most instances in direct proportion to the sanctioning capacity within the group. The different patterns of development in the North and South Italian agglomerated regions post-World War II, particularly in Emilia Romagna, illustrated how instrumental and altruistic sources of social capital propelled development in the regions with higher social capital when small and medium firms enjoyed growth as a result of inter-firm cooperation between workers and employers (Portes & Mooney 2002).

Similarly, research findings of the study conducted on the Ecuadorian indigenous Otavalan entrepreneurs show positive development outcomes as a result of bonding and bridging social capital (Portes & Mooney 2002). As can be expected, their phenotypical and cultural characteristics made them a distinct group in South America. They developed solidarity as a result of the level of prejudice associated with their traits (Portes & Sensenbrenner 1993). Their shared norms and values created normative structures and dense networks (bonding social capital) among themselves. They used their social connections (bridging social capital) to establish

markets for their garments in the rest of the country and finally made their move abroad (linking social capital). This community made Otavalo one of the few places in Latin America where the indigenous people actually enjoyed a higher standard of living than the otherwise dominant whites and *mestizos* (Portes & Mooney 2002).

The Salvadorian migrants provide an excellent example of bounded solidarity and reactivation of a cultural repertoire from their home country (Portes & Sensenbrenner 1993: 1330). Following the 1980-1992 civil war, an estimated 1.2 million of marginalised, traumatised and vulnerable immigrants found themselves in precarious legal situations in the USA. They remained closely linked to networks of hometown associations and donated resources for community development in their place of origin (Portes & Mooney 2002).

The three economic development cases presented above, illustrate how social relationships and types of social ties relate to community development and how different sources of social capital affected economic behaviour.

### **3.5 Social capital and associational life: social networks**

Putman (1993: 173) asserted earlier that any society, be it modern or traditional, is characterised by a mix of horizontal and vertical networks of interpersonal communication and forms of exchange. These exchanges are inherently embedded in relationships of social networks of family members, friends, and neighbours, formal and informal as well as associations. The social capital that inheres in these relationships constitutes an important asset that can be called upon in times of need, crisis or vulnerability, used as a safety net or leveraged for enjoyment or material gain (Woolcock & Narayan 1999).

Furthermore, the bonding type of social capital referred to earlier gives families and communities a sense of identity, belonging and solidarity stemming from a common purpose as the means to “get by” (Woolcock & Narayan 1999). Although these strong social ties are oftentimes considered an asset, they can also become a costly liability as will be seen as the discussion progresses. Weak ties, characteristic of bridging social capital, are what allow for relationship formation with unknown or dissimilar people outside the primary group (Gelderblom 2014: 5). A benefit from connecting with people from different walks of life is the fostering of social inclusion (Baron, Field

& Schuller 2000). Similarly, new social ties provide new information as well as access to additional social networks for group members.

Vertical ties in social networks involve relations of hierarchy that provide linking social capital (Putman 1993). The linking ability found in this type of social capital expose people to opportunities outside their horizontal networks to help them “get ahead” (Woolcock & Narayan 1999). Having said that, it is also important to note that the capacity in a given social network is not only shaped by its structural component like size and density, but also by the level of closure and the strength of ties (Winter 2000).

The basic idea of social capital outlined in this section therefore is that one’s family, friends and associates constitute an important asset that can be called upon in a crisis, for enjoyment or leveraged for material gain (Woolcock 2000: 3). What follows is a brief analysis of social capital within and beyond family life settings, based on how social capital has been theorised in the preceding section.

### **3.5.1 Social capital within the family**

The preceding discussion on social capital as a source and consequence of relational networks, norms of reciprocity and trust, suggests the same fundamentals for building and maintaining social capital within the family (Putman 1995:73). It is within these relational networks of family members that social capital is understood. Having said that, it is believed that intimate family processes like socialisation are responsible for shaping these relationships to give them social meaning (Du Toit et al. 2007). For example, the norms that family members are socialised in translate into family roles linked to duties and institutional obligations (Fine & Lapavistas 2004; Portes & Mooney 2002). Oftentimes, social phenomena like industrialisation and individualisation tend to destabilise these relationships by reshaping the norms and values governing family life, changing it from the idealised fixed predictability to fluid unpredictability (Winter 2000).

The politics of survival strategies in families depend on the ceaseless day-to-day, in some instances reciprocated acts of nurturing, morality, justice, inequality, dependence and independence (Du Toit et al. 2007). As social capital is made and remade during these transactions, different contexts of class repositioning, persistence of poverty, social mobility and immobility are created (Du Toit et al. 2007). Excellent examples of these social dynamics are



shared in the case studies of Du Toit and Neves (2009b) on *Informal social protection in post-apartheid migrant networks*. Their work depicts how social capital shapes poor people's decision-making processes on economic activity, flowing and allocation of resources. Each narrative exemplifies divergent possibilities and patterns of ties and links families hold, from fairly integrated networks to consequences of marginalisation to powerlessness (Du Toit & Neves 2009b: 14).

It also follows that social capital resulting from reciprocity transactions allows family members to give and receive favours, information or approval (Portes & Sensenbrenner 1993: 1324). This family togetherness or 'solidarity' becomes a source of mutual support appropriable by family networks as survival or livelihood strategies (Du Toit & Neves 2009b). Survival strategies used by family networks can be in the form of either formal or informal social protection, employment if one is connected to the formal economy, or self-employment. Du Toit and Neves (2009b) have shown how networks of reciprocal exchange used by poor and marginalised people helped affected families ameliorate structural poverty. It is therefore the way that family networks are structured that qualifies them to be regarded as "safety nets" or "assets" to be called upon when needed for assistance, development, enjoyment or profitability (Woolcock & Narayan 1999).

### **3.5.2 Social capital beyond the family: The community**

Quinn (2010: 45) contends that communities are built from social groups: voluntary, civic, networks, formal and informal associations and clubs. These social networks are also characterised by strong horizontal ties between homogeneous in-group members (bonding social capital), heterogeneous members outside the group (bridging social capital), as well as vertical ties with heterogeneous others in and outside the community (linking social capital).

Viewing social capital in this light highlights its potential usefulness as a result of the kind of ties between societal groups. For example, strong and exclusive familial and solidarity ties are formed when like-minded people invest significant amounts of time and energy during the socialisation process (Baron et al. 2000). As can be expected, these ties become useful for both families and friends in gaining access to emotional support as well as provision of safety nets in the case of emergencies. Although beneficial, bonding social capital can be restrictive to members of a group and may also exclude non-members (Portes & Mooney 2000: 6), for example, when ethnocentrism causes members to exclude other groups on racial, ethnic, religious and even national grounds e.g. Black vs. White, Zulu vs. Xhosa and Protestants vs. Catholics.

It is oftentimes assumed that communities are homogenous in terms of class, caste, religion and ethnicity, where the public good produced is enjoyed by everyone. Portes and Landolt (2000), however, caution that isolated networks might work at cross-purposes to society's collective interests, replacing productive social capital with bad social capital. Narayan (1999) suggests that cross-ties between groups in the form of bridging and linking social capital to open up economic opportunities to those belonging to less powerful or excluded groups are important. These ties, he argues, also build social cohesion, a critical element in social stability and economic welfare over an extended period.

Friends and neighbours are also social networks regarded as primary resources for managing risk as well as social and economic vulnerability, especially in poor and marginalised communities (Woolcock & Narayan 1999). However, even if relationships of friends and neighbours are with known, liked and trusted people, they are entered into out of choice and are not obligatory as with family (Hart 2000), similar to what proponents of rational choice theory advocate. Implied here is the significance of Coleman's (1988) approach of giving a human and more collective social face to rational choice to predict how 'civic' citizens work things out.

### **3.5.3 Religion**

Cloete (2014) is of the opinion that religion plays an important role in social issues and also in the formation of social capital and cohesion. Cloete (2014) further asserts that, not only do religious traditions play an important role in sustaining social cohesion; they are also the moral, social and bedrock of communities. Cnaan, Boddie and Yancey (2003: 21) note that joining these congregations is not merely an act of congregating regularly in fellowship for spiritual fulfilment; it also provides a social context where people meet to form social networks conducive to building social capital.

Similarly, Cnaan et al. (2003: 12) maintain that individuals who seek out and join a congregation are bound by set norms; they internalise group norms and share in activities with other members (bonding social capital). Furthermore, Cnaan et al. (2003: 26) **point out** that there is also an opportunity for members of the congregation to reach out to people outside their religious groups (bridging social capital). High levels of trust, requisite for collective action, develop and get nurtured during regular face-to-face interaction of congregants (John & Coleman 2003).

### **3.5.4 The state-society relations: The Public-Private Mix (PPM)**

According to Portes and Mooney (2002), the state is not only the provider of public goods (education, health and social services) through policy interventions; it also has an important role in creating an enabling and supportive environment for economic development through good governance (Gomulia 2006). Since all policy interventions occur in a social context characterised by a delicate mix of informal organisations, networks and institutions, their design should consider and include prevailing combinations of social capital inherent in the relations at the micro- and macro-levels (Gomulia 2006).

Woolcock (2000) maintains that linking or scaling up social capital seen in vertical relations in communities, government and the private sector has the capacity to leverage resources, ideas and information from formal institutions to the community. However, for linking social capital to produce these positive outcomes, a state needs to be endowed with high levels of integrity and synergy to foster cooperation, accountability and flexibility (Woolcock 1998: 176). This explains the World Bank and the development community's recommendations that situational analyses be conducted prior to planning development interventions at all sectors and levels (Woolcock & Narayan 1999). Hence, the need to forge mutually beneficial complementary relations between the society and the state as advocated by Woolcock (1998).

Incorporating the embeddedness theory into substantive research on social capital at both the micro- and macro-levels in the late 1980s has also contributed greatly in explicating the interrelatedness of social relations and economic development (Woolcock 1998: 163). Firstly, that all forms of economic exchange are inherently embedded in social relationships proved useful in explaining how economic institutions work, from community bazaars to state-owned enterprises. Secondly, it shows that all forms of interrelatedness, be it from a social or a political context, have a powerful effect on shaping the opportunities and constraints facing individuals as they seek economic advancement (Woolcock 1998). Finally, a word of caution that the many benefits enjoyed in a network of people as a result of embeddedness are not without corresponding costs. As alluded to earlier in the study, social relations characterised by high levels of closure can impose constraints on members when they attempt to make a progressive transition to membership outside the group, thus stifling advancement (Woolcock 1998).

For the purpose of this study, I refer to micro- and macro-levels of development as bottom-up and top-down initiatives that are facilitated by horizontal (bonding and bridging) and vertical (linking)

relations at societal and state institutions levels respectively. Woolcock (1998: 171) warns about bonding social capital developing into dysfunctional “amoral familism” and “anomie”. In the former, integration without linking is characterised by strong familial and strong ethnic attachment that locks members into the group, discouraging external economic advancement. In the latter, individuals might have opportunities to participate in a wide range of activities through linking social capital, but lack stable grounding that provide guidance, support and identity (Woolcock 1998: 172). Hence, integration without linking is mostly attributable to problems with development in South Asia, southern Italy and sub-Saharan Africa and is believed to have undermined efficiency in all forms of economic and social exchanges (Woolcock 1998: 172). It is for these reasons that positive development outcomes in poor communities need complementary linking and integration of social capital at both the macro- and micro-levels.

At the macro-level, top-down initiatives can be optimised by forging cooperation between the state, civil society and the private sector (Woolcock 1998: 176). Furthermore, attainment of positive developmental outcomes needs the state to have organisational capacity (integrity) as well as engagement and responsiveness to civil society (synergy). According to Woolcock (1998: 179), organisational integrity without synergy can be equally unproductive. In simple terms, Woolcock (1998: 179) advocates for “beneficent autonomy”, which translates to state-society relations with a combination of all four dimensions of social capital, namely micro-actors with a stable and guided grounding (integration) to leverage (linking) organisational capacity (integrity) from a government that is engaging and responsive (synergy) to their needs.

In my opinion, the public-private mix (PPM) model discussed in the preceding chapter depicts such complementary exchanges of resources from horizontal relationships (bonding social capital within and between networks of micro-actors) and vertical relationships (linking social capital) to leverage material and non-material resources from macro-actors (Baron et al. 2000). However, Woolcock (1998) maintains that such complementary exchanges of resources in economic development at both the macro- and micro-levels rest on three common claims that emerged from Granovetter’s embeddedness thesis (Woolcock 1998). Firstly, all forms of exchanges that take place are supposedly embedded in social relations of different types of social ties, cultural practices and different social contexts. Furthermore, it will be members belonging in social relations with strong and dense social ties that will attempt to get into larger exchange networks, and lastly, relationships in these social networks need to have mechanisms in place to protect

strong social ties in institutions (public and private sectors) from becoming vehicles for corruption, nepotism and exploitation (Woolcock 1998).

As Boggs (2001: 288) pointed out, the large-scale civic disillusionment regarding political action contributes to the disintegrating public trust in government. This is particularly true in the post-apartheid South African context with the withdrawal of trust in the government in the wake of corruption and unfulfilled promises of service delivery. From a policy point of view, such insights are useful in providing a framework for understanding the conditions under which models such as the PPM can turn such structural flaws and distrust into virtuous mutual support and cooperation, when all stakeholders are willing to work in partnership to achieve positive developmental outcomes (Woolcock 1998).

In the same way, combinations of such complementary working relationships discussed above are also undeniably important in nurturing the norms of reciprocity, trust, fairness and cooperation to facilitate and reinforce efficient performance at both the micro- (community) and macro- (institutional) levels (Woolcock 1998) (see the PPM model diagram in the previous chapter (Figure 4), which illustrates its complementary roles).

### **3.6 A critical overview of social capital**

So far, contributions to the preceding discussions by authors and theorists like Bourdieu, Coleman and Putman have shown an established genealogy and usefulness of the concept of social capital. However, as a result of a lack of consensus about the definition, meaning, functions and application of social capital, criticism levelled against it still abounds (Paxton 1999).

First, although defining social capital as the ability to secure resources by virtue of membership in social networks or large social structures has been widely accepted, it is not without problems (Portes & Landolt 2000). The two authors bemoan the resultant linguistic redundancy as a result of a common tendency to confuse its ability to secure resources with resources themselves. In other words, to generalise that the presence of social capital produce positive outcomes is misleading in the sense that it ignores the fact that, for example, the social capital resulting from urban gangs does not always guarantee positive results.

When one considers the unequal distribution of wealth and resources in society, explained as “playing fields that are not equal” in Gelderblom (2014: 6), the vulnerable and marginalised may possess social capital in the form of strong social ties but still have limited access to resources (other capitals). Hence Woolcock’s (2000: 9) suggestion that social capital should be defined focussing on its sources rather than consequences to avoid tautological reasoning. In other words, this distinction should be made so that the fact that the same social ties can be both functional and dysfunctional in issues of development is not overlooked

Secondly, even though the idea of social capital rose prominently in both theoretical and applied social science over the last decade, the literature is still replete with conceptual agreements and disagreements (Grootaert, Narayan, Jones & Woolcock 2004). For example, what particularly concerns policy makers, are the different conceptualisations that came with the reintroduction of social capital. The conceptualisations being social capital as socio-cultural assets that facilitate better access to resources (Bourdieu 1986), aspects of social structures that occur within and outside of the family to secure human capital (Coleman 1988), and as a community asset that assists in acquiring democracy in societies (Putman 1993). While there is some consensus about the resourcefulness of social capital, some authors such as McOrmond and Babb (2005) observe that social capital uses the language that is more familiar to discussions on economics rather than networks of people. However, McOrmond and Babb (2005) suggest that policy makers should treat social capital as context-specific through all stages of policy development, if they are to get any value from its common conceptualisation.

The other concern pointed out is Putman’s arbitrary choice of indicators that he used when reflecting on declining social capital (Boggs 2001), particularly how his arguments ignore other forms of capital. Boggs (2001) is of the opinion that Putman’s cited social activities such as going to dinner parties, singing in choir ensembles, signing petitions etc., are obviously categorically safe, conformist and favour the middle to upper classes of society. As a result, Putman’s thesis on the perpetually eroding or vanishing social capital in societies ignores the conspicuous growth of forms of social participation and contemporary civic activities (Boggs 2001: 285). Seemingly, little attention is paid to current social movements and environmental groups. Simply put, Putman’s social capital contribution fails to consider that preferences in forms of association can change, and that newer civic phenomena may spread in many more interesting communal and participatory ways than the kind of social capital in his older, more established civic organisations (Boggs 2001: 286).

Portes and Landolt (2000: 535) maintain that the lack of an explicit theorisation of the transition of social capital from being an individual asset to a community or national asset contributes to the confusion in its meaning. For example, while Bourdieu and Coleman focus on individuals and small groups in terms of accrual of benefits by virtue of having ties with others, Putman stretched the concept and theorised about “stocks” of social capital possessed by communities and even as a feature of nations (Portes & Landolt 2000: 531). When explaining variations in the levels of social capital in Italian democratic institutions as preconditions for government stability and economic performance, Putman ignored the well documented experiences of sharp, uneven development in the regions, which led to the ongoing domination, particularly of the South by the North Italy (Boggs 2001; Woolcock 1998). Boggs (2001) believes that Putman’s failure to address these historical conditions gives social capital a false developmental autonomy and conceptual primacy it does not deserve. In simple terms, it is problematic to regard social capital as an asset of functional families, as an asset of network traders and as an explanation of why governments are effectively run and flourishing economically all at once, without considering the contextual settings for contestants and the allocation of all forms of capital that goes with it (Gelderblom 2014).

The next chapter discusses the methodology used for collecting and analysing data for this study.

## **CHAPTER FOUR**

### **STUDY METHODOLOGY**

#### **4.1 Introduction**

This study is premised on the potential value derived from social capital that is theorised to inhere in relationships within and between social networks, which translates into mutual socioeconomic benefits when such networks cooperate (Cruz, Stahel & Max-Neef 2009). This study therefore explores how cooperating participants experienced the role of social capital in the process of micro-enterprise development. An acknowledgement of the exploratory nature of this study and the notion of multiple realities of participants' experiences informed the decision to situate the study within a qualitative paradigm (Creswell 1994: 147; Babbie & Mouton 2001). Moreover, one cannot ignore the fact that people, either as individuals or in groups, experience and understand the world in an idiosyncratic way to create meaning (Nicholls 2009). This chapter covers the study methodology, the sampling strategy, data collection, interpretation, analysis and presentation of this study.

#### **4.2 The research design**

The overarching paradigm utilised in this study is interpretive, as the aim is to understand participants' experiences as subjective truths (Creswell 1994). To make the interpretation of the subjectively felt descriptions possible, this study drew from the ontological viewpoint that acknowledges that what is real is actually immersed in subjective interpretation (Fossey, Harvey, McDermott & Davidson 2002). According to this stance, the subjectively felt experience is regarded as a valid source of information that cannot be separated from reality (Larkin, Watts & Clifton 2006), hence my approach to interact with and listen to what participants had to say (Larkin et al. 2006).

The appropriateness of the qualitative approach was illustrated by the usefulness of its methods in generating verbal descriptive data that elicited rich data for interpretation, analysis and reporting (Babbie & Mouton 2001). Similarly, the qualitative approach not only allowed for a diligent and systematic enquiry, it also allowed for the guided discovery of thick descriptions that provided deeper understanding of how participants' relationships influenced and were influenced by the phenomenon being studied (Creswell 1994). The choice of a qualitative design (Creswell 1994:



147) was informed by the need for a holistic understanding and interpretation of people's lived experiences, perceptions, emotions and feelings as they participated and interacted socially in the cooperative development process (Babbie & Mouton 2001). Although data collecting activities centred on observing and eliciting responses, what Babbie and Mouton (2001: 271) refer to as "sensitive insider perspective on social action" from participants, field notes, photographs and video-taped observations also served as secondary information sources in enriching the collected data (Berry 1995).

### **4.3 The methodology**

Methods used to generate data for this qualitative inquiry included participants' encounters expressed in words and behaviour during in-depth interviewing, participant observation and field notes (Berry 1995). The methodology also embraced other secondary sources of data such as minutes and photographs taken in meetings and workshops, and video tapes to yield more qualitative data (Berry 1995).

#### **4.3.1 The sampling technique**

The research sample was purposefully selected from a population of 73 Masana community members who attended the 20 October 2008 "Wealth Creation" workshop and registered as members of the small enterprise development agency (**seda**). The sample made up of 20 participants, 17 female and 3 male adults of between 30 and 74 years was therefore familiar with the rationale and process commissioned by Umnotho to develop micro-enterprises. All the participants were permanent residents of Masana. Having lived there for an average of nine years, participants were acutely aware of the socioeconomic conditions in their community and seemed keen to benefit from **seda's** and Umnotho's material and non-material resources (financial assistance, training interventions in small business management as well as coaching and mentoring as respective collectives) to improve their livelihoods.

The reason for purposive sampling aimed at the value of working within a qualitative paradigm purported by Sandelowski (1995: 181); to achieve a deep understanding of the phenomenon under study by indulging in thick descriptions by responses from the participants who have experienced the micro-enterprise development process first hand.

The table below depicts the gender, age and size of the population:

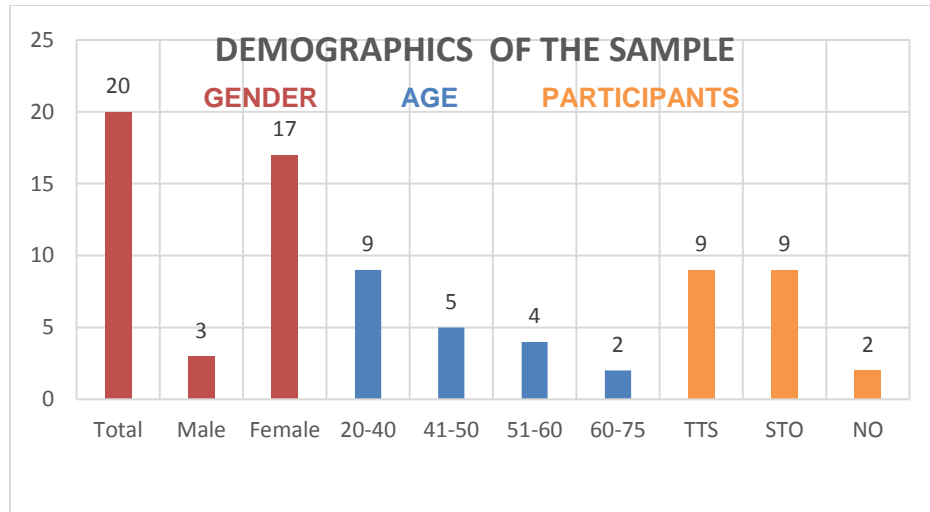
**Table 1: Population age, size and gender**

	Female	Male	Total
<b>20-40yrs</b>	56	7	63
<b>41-60yrs</b>	8	0	8
<b>61+yrs</b>	1	1	2
	65	8	73

All the participants in the sample were caregivers in their households, most of them looking after grandchildren who had been orphaned and made vulnerable by HIV- and AIDS-related morbidities and mortalities. The source of income in these households was reported to be from paid jobs, remittances from working partners, social grants and from small income generating activities. Their household incomes or livelihoods average R5 200 per month, the lowest being R800. The educational level of the sample was satisfactory; while 53 participants reported having attended secondary and high schools, only 12 had received formal high school education; 6 had education at primary level, while 2 had no education at all.

However, according to Sandelowski's (1995: 180) "people versus purpose" of the qualitative research approach, demographic characteristics of participants need not be the only criteria that influence the sampling: the context, such as the environment and conditions, culture and location in which the study takes place, should also be of significance. Therefore, participants were sought out to be a good source of information to advance the study's analytical goal.

The diagram below represents the demographics of the sample.



**Figure 7: Demographics of the sample**

The sample was further categorised according to the operational status of respective cooperatives. Of the 13 registered cooperatives, 5 were still trying to survive (TTS), 4 had stopped to operate (STO), while 4 had never operated (NO) at the time this study was conducted. The 20 participants from these categories who consented to be interviewed were as follows:

- 9 from registered cooperatives who were still trying to survive (TTS);
- 9 from registered cooperatives that had stopped to operate (STO); and
- 2 from registered cooperatives that had never operated (NO).

### 4.3.2 Data collection methods

The most common methods of data collection used in qualitative research are interviews and focus groups (Gill, Steward, Treasure & Chadwick 2008). Therefore choosing data collecting instruments such as in-depth interviews, participant observation and field notes was informed by their appropriateness to the central aim of this study and how they complemented each other in providing a thick description of the phenomenon under study (Gill et al. 2008).

#### 4.3.2.1 In-depth interviewing

Gill et al. (2008) maintain that the purpose of a research interview is to explore views, experiences, beliefs and/or motivations of individuals on specific issues or phenomena. This study used in-depth interviewing to explore factors that influenced or motivated participants to be part of the process to cooperatively develop micro-enterprises. Of the commonly used three fundamental

types of interviewing, namely structured, semi-structured and unstructured (Gill et al. 2008), the face-to-face semi-structured interviewing suited this study the best. This choice has been informed by its ability to elicit the deeper meaning required in qualitative research (Nicholls 2009). Similarly, while an interviewer using a semi-structured interview uses several key questions to define the areas to be explored, the interviewee is also allowed to divert a bit if an idea or response needs to be pursued in more detail (Gill et al. 2008). Therefore, as participants told their stories, this conversational deviation allowed for interviewer-interviewee rapport building (Nicholls 2009).

As a result of the flexibility in questioning during the interview, questions were not always followed in the same format; questions which were not sufficiently covered could be revisited later on in the interview. For example, the order of questions depended largely on when it seemed or felt appropriate to ask them. In rounding up an interview, participants would be asked to reflect on how it felt to be interviewed. In doing this, I got an opportunity to assess whether the process had caused any distress to the participant (Nicholls 2009).

The interviewing process involved the basic approach of informal conversation while eliciting information from respondents, using a general interview guide with standard open-ended questions as suggested by Patton in Berry (1995). The participants were asked to respond to open-ended questions prepared from the main research question. All 20 participants were given a candid brief about the nature and purpose of the study during the initial recruitment meeting. The reasons for, and the manner in which the recording of responses was done were explained before requesting the participants' verbal and written consent. The signed consent letters from participants are on record and filed.

All interview sessions were started with a light conversation to put respondents at ease, build rapport and establish that participation was still voluntary. The flow of questions emanated from the immediate context to the standardised open-ended interview; questions were carefully worded and arranged to ensure quality data collection. Attention was paid to the following to ensure good questioning techniques, as suggested in Berry (1995).

- Clear, simple and easy to understand open-ended questions that allowed for probing to increase the richness of the data, were asked.

- A conscious effort was made to reflect on responses in order to confirm or disconfirm what had been said; an attempt was also made to use positive non-verbal cues such as nodding to show acknowledgement, interest, support and encouragement.
- Sensitivity to irritation and uneasiness was shown to avoid the participants' avoidance tactics that could have interrupted the flow of the interview.
- Despite this, a little bit of "travelling" to wherever participants liked was allowed in some instances, but control was applied to keep focus on what needed to be explored.

My prior involvement in the Masana community as a development facilitator as well as in the process of developing micro-enterprises was instrumental in putting respondents at ease (Creswell 2003). Mastering interpersonal and communication skills while engaging in self-examination and reflection also facilitated the bracketing of own experiences, which helped in eliminating bias (Creswell2003).

### **4.3.3 Data collecting instruments**

#### **4.3.3.1 The questionnaire**

The decision to generate qualitative data through using a questionnaire to conduct face-to-face interviews was informed by its ability to allow for in-depth discussion, greater interaction and probing of more complex questions, as well as an opportunity to clarify unclear and ambiguous responses.

The content of the questions was drawn from the central question, *"To what extent does social capital facilitate or frustrate the process of cooperative development of micro- enterprises?"* Questions were developed in English but were translated into isiZulu, to make the respondents feel respected and for ease of expression. The questions were pilot-tested in isiZulu for further refinement to make them more comprehensible to the respondents.

The questioning techniques such as probing and the use of positive non-verbal cues like nodding to show acknowledgement, interest, support and encouragement, as suggested in Berry (1995), were used. Nicholls (2009: 117) describes a probe as "a question or comment designed to keep the person talking to enhance clarity". Using open-ended questions not only allowed participants to explore aspects that they chose to share; prompts and probes also ensured a smooth conversation. In addition, having a schedule of questions helped to focus the conversation to

avoid responses that wander off aimlessly during the interview (Nicholls, 2009). Although a little bit of “wandering” off was inevitable in some instances, but I mostly managed to maintain control and to steer the conversation back to the topic under discussion (Berry 1995). The duration of the interviews (Appendix B) was between 45 and 60 minutes. As participants shared first-hand information, rich data was recorded for later analysis and reporting (Emerson, Fretz & Shaw 1995).

The semi-structured questions administered were specifically designed for respondents in the three categories of cooperatives, namely the still trying to survive (TTS), those who had stopped operating (STO), and those who had never operated (NO). Collecting data from all categories allowed for an exploration of issues pertinent to differing experiences during the micro-enterprise development process. The intensity of feelings that existed around issues was expressed in terms of individually felt experiences and opinions.

Interviews were conducted individually in participants’ natural settings, in the privacy of their homes, where they felt comfortable and safe. Although the settings were convenient for the participants, there were in some instances disturbances when neighbours popped in unannounced or a child needed to be attended to. Each participant was provided with a brief explanation of the guarantees of confidentiality and the voluntary nature of participation, as discussed at the initial meeting before signing the consent form (see Appendix A).

It was at this point that I made a conscious effort to remember the importance of focusing on the participants’ perspectives and not my own, even though I had insights on how the process of developing micro-enterprises cooperatively unfolded. Although I remained honest and vigilant and acknowledged my previous experiences and theories pertaining to the phenomenon, they were kept in abeyance (Tufford 2010) as participants shared their experiences.

At the end of each interview, I asked participants to reflect on how they experienced the interview. Most participants commented that it was helpful to speak to someone who is a woman and a mother and could understand their situation. It was important for me to reflect on this. Although I had a strong interest in the development of the participants, the idea of not being one of the decision makers in the PPM partnership felt very limiting. This limitation also placed me in an awkward position as participants expected answers about the future prospects of the micro-enterprise development process, for it seemed like a new lease on their desperate lives.

However, I made a point that participants understood that, as a researcher I was there to listen to their stories and that they were experts of their own experiences; I could only refer and link them to appropriate services. Although some of the stories were deeply moving that I found myself becoming subjectively drawn into, I guarded against becoming overly supportive and remained an interested and objective listener. My ability to establish rapport, empathy and trust when engaging with participants created an atmosphere that allowed for probing into their lived experiences of trust, cooperation and reciprocity in contexts within and between networks.

#### **4.3.3.2 Field notes as a source of data**

Field notes were particularly of value in triangulation to present a holistic picture of the observations made. Besides the privilege I had in accessing the records of the minutes taken from the meetings and workshops held during the process, comments written on memos provided the means to engage deeper with the collected **data** in generating important insights.

#### **4.3.3.3 The researcher's role as a participant observer**

According to Creswell (1994:147), the interpretative nature of qualitative research states the researcher's assumptions, values and judgements explicitly as part of conceptualisation for valid and reliable research to be conducted. Informed by this rationale, participant observation was engaged in as one of the research strategies to make connections with participants' lived experiences. In addition, participant observation afforded me an opportunity of using the "self" as a primary instrument to give participants a voice during data gathering and analysis.

Further recommendations I took note of included engaging in self-examination and reflection before and after data collection sessions, and to master interpersonal communications as well as bracketing skills (Creswell 2003). As a participant in the preceding cooperative enterprise development process now being studied, I could not be totally divorced from the phenomenon. I therefore had to be able to continuously reflect on my preconceived values and ideas as well **as** those held by the participants (Roller 2012). Reflexivity in qualitative research is defined as a way of critiquing or the ability of the researcher to reflect on his or her role (own actions, feelings and experiences during research) in the research process (Roller 2012; Tufford 2010). The two authors (Roller & Tufford) regard reflexivity as crucial in achieving credibility and validating collected data by minimising the inevitable transmission of the researcher's preconceptions. Ways

identified to go about reflexivity include introspection, critique, inter-subjective reflection, mutual collaboration, social critique and discursive deconstruction (Roller 2012).

Given my prolonged engagement with participants in the process of developing cooperative micro-enterprises, and in line with the discussion above, it felt almost impossible to be completely impartial when engaging in this research. However, I embarked on this study aiming to remain as objective and unobtrusive as possible. As I conducted interviews, I was acutely aware of my influence on the participants; there were times when the participants referred directly to me and commented on the influence my position had on the development process. It was important for me to be aware of my social status and background as I was aware that this may impact on the interviewing process.

For example, being educated and middle class, I was initially concerned that participants might feel that I would not understand their plight and then they might not open up and share their stories, as they may have concerns that I would judge them; however, this did not appear to hamper the research process as participants were open and willing to share their thoughts with me. For example, certain elements of my emotions were accessed in instances where participants commented about my personal attributes such as the support in making sure they linked with resources like *seda*. I reflected on how difficult it must have been for them to try to survive without resources. I had to adopt a self-critical stance (Creswell 2003) of own actions, feelings and experiences to mitigate the potential of such emotional reactions distorting or truncating the data collection (Tufford 2010).

Because observation is regarded as “looking directly” or “looking beyond” constructions and preconceptions (Tufford 2010: 1), as mentioned above, it was necessary to bracket my personal attitudes to mitigate the potentially deleterious effects of bias that might taint the research process. Bracketing therefore became useful in tapping on the essence of looking beyond own preconceptions in order to limit the possibility of conscious or unconscious bias of a subjective observer (Emerson, Fretz & Shaw 1995).

Reflexivity is required to ensure that the researcher allows for the participants’ stories to emerge by themselves rather than making use of assumptions about the phenomenon. I constantly challenged myself to think about the assumptions that I made about social capital when I first came to Masana, and critically reflected on why I was making those assumptions. What I realised



was that I expected the social networks to represent the theoretical social capital I read about, and was initially surprised to realise that social capital had negative consequences as well.

#### **4.4 Data analysis**

The main aim of analysing data is to interpret the collected data to be in a position to provide an answer to the research question (Terre Blanche & Durrheim 1999). Therefore, the appropriateness of employing thematic content analysis for this study has been informed by its advocated usefulness as a flexible method of analysing qualitative data (Braun & Clarke (2006). The responses from the interviews and observations made in different contexts collected huge amounts of data. According to Mouton (2006: 161), huge amounts of data need to be reduced to manageable proportions by identifying recurrent patterns that emerge as themes. Therefore, in this study, data reduction was achieved by using codes to identify the particular meanings of the words used by participants into groups and categories (Huberman & Miles 2002).

Firstly, I immersed myself in the collected data to get a preliminary understanding of developing ideas and theories relating to the phenomenon under study (Terre Blanche & Durrheim 1999). The process involved transcribing the recorded interview content word for word inisiZulu, and then translating it to English for report writing purposes. **Reading** over the transcripts several times and listening to the recordings facilitated the recommended cross-checking and becoming familiar with facts (Terre Blanche & Kelly 1999).

Secondly, as qualitative data analysis is largely an inductive process, categories, themes and patterns that emerged as significant were picked up from when the transcribing process started (Huberman & Miles 2002). Using the language used by the participants and in a bottom-up approach, inferences were made to general rules or specific instances, looking at the material and working out what organising principles underlie the collected data (Terre Blanche & Durrheim 1999). The identified themes captured important data pertaining to the research questions and represented some level of patterned responses or meaning within the data set. A deeper understanding of the issues being investigated evolved as new themes of interest emerged during transcribing, revisiting, recording and re-categorisation of the data. More insights pertaining to the micro-enterprise development process were revealed as the new themes emerged.

Engaging in this iterative process helped uncover issues missed in the already collected data. This was done by listening several times to the recordings and cross-checking the transcripts for the same or similar meanings. Memoing also served as an important element in iterative analyses as thoughts that were noted during the actual interviews were considered and incorporated (Miles & Huberman 2002). For example, I gave priority to memoing from the beginning of the study by making reflecting remarks in the margins of the transcripts; it proved to be most useful as sense-making tools in formalising coherent thinking into explanations (Miles & Huberman 2002). Although an independent coder was not engaged in the analysis of the raw data in the transcripts, the audio recording remained an option for post-analysis should such a need arise.

#### **4.5 Issues of validity, trustworthiness and rigour of the study**

Researchers using qualitative methods cannot use the concepts of validity and reliability to assess the trustworthiness of their studies or projects (Shenton 2003). However, there is consensus among several qualitative researchers that the incorporated alternative terms and verifying strategies have on analysis demonstrated to assess for validity and reliability (Rolfe 2006). This qualitative study therefore used Guba's proposed concepts of credibility, transferability, dependability and confirmability as strategies to establish the trustworthiness of the study.

Firstly, the credibility check for establishing trustworthiness tantamounts to an internal validity check concerned with how congruent the findings of the study are in relation to reality (Rolfe 2006). For example, the design and methodology used in this study acknowledge the participants as constructors of the multiple realities and the subjective truth being shared. Similarly, my prolonged engagement with the participants preceding the study enhanced the trustworthiness of the study; the more time was spent with the participants, the more they shared on their perspective. The resultant relationships of trust also established researcher-participant rapport that facilitated honest and open communication. Using more than one method of collecting data (triangulation) also provided greater accuracy and thick description of the phenomenon when capturing and verifying participants' lived experiences. The opportunity that participants got to ask questions and to reflect on the interview questions and process also enabled an assessment of how their responses embraced actual situations (Rolfe 2006).

Secondly, the transferability of the study, which translates to an external validity check, concerned itself with establishing the extent to which the findings of the study could be applied to other

situations (Rolfe 2006). However, because qualitative studies do not aim to generalise but rather to describe the uniqueness of contextual experiences, the chosen sampling strategy for this study (purposeful sampling) allowed for proper understanding for the study in case replication is indicated. Once again, employing triangulation and participants' direct quotes also provided for comparable study descriptions (Rolfe 2006).

Thirdly, as a result of the uniqueness of qualitative studies, researchers are not able to address issues of reliability (repeatability) of studies (Shenton 2003). Therefore, to address the issue of repeatability of this study, the study setting and the research methodology used have been accounted for fully so that different conditions in other studies can also be accounted for. In addition, the description of the study methods and data collecting instruments provides a logical and traceable trail that can be authentically audited (Rolfe 2006).

Lastly, the fact that qualitative research is about people, makes researchers' biased intrusion inevitable (Tufford 2010). **Confirmability** therefore aims for the qualitative researcher's comparable concern for objectivity (Tufford 2010), hence the decision to use bracketing throughout the study to mitigate potential deleterious effects caused by preconceptions.

#### **4.6 Ethical considerations**

In ethical research the values of advancing knowledge are well balanced against the values of non-interference in the lives of others (Neuman 1997: 92). Youngpeter (2008) understands the notion of ethics as being responsible not to suppress an individual's civil rights for the sake of expanding knowledge of human nature. In a similar manner, this responsibility holds for the accurate and honest reporting of research results. Therefore, as this study seeks to understand the lived experiences of participants, its explorative nature could be ethically intrusive (Creswell 2003). In line with the above, I took personal responsibility to be guided by the three primary ethical principles of respect for the dignity of others, beneficence and justice, as articulated in the Belmont Report (1979).

Firstly, in line with the ethical principle of respect for persons, I ensured that the participants were protected from physical or emotional harm during data collection, for example, their autonomy was protected by ensuring that consent to participate was voluntary and the information shared was kept confidential (Hofstee 2006). Although absolute anonymity could not be ensured due to the face-to-face interviewing, reasonable means such as using pseudonyms were used to ensure

the confidentiality of the participants and their families. Participants were also assured that information that might reveal their identities would be omitted from the report and that access to the transcripts and audio-recordings would be limited to the researcher and her supervisor. In addition, the data collected has been securely stored and will be kept at least until the end of the examination process, whereupon it will be destroyed.

Secondly, following the ethical principle of beneficence and being sensitive to the issues of power relations, I ensured that the study is of a supportive nature and that a support system will be provided (Maritz & Visagie 2009). For example, I took cognisance of the fact that talking about own socioeconomic vulnerabilities and health issues, especially HIV infection and AIDS-related morbidity and mortality, may evoke emotional or psychological distress for participants. Participants were made aware of this risk prior to participation and were assured that individual counselling would be arranged when needed. At the end of the interview participants were asked to reflect on how it felt to be interviewed and this question was utilised as an additional source through which to evaluate their levels of distress.

Finally, in line with the ethical principle of justice, I ensured that the benefits and burdens of the study were distributed in a fair and equitable manner (Polit & Beck 2006). For example, all participants were interviewed in the privacy of their own homes where they felt safe, and at a time that suited them. They were also reminded that if they wished to withdraw from the study at this point they would not be treated in a prejudicial manner and that all agreements entered into with the participants would be honoured.

When this study was proposed, I was cognisant of the subtleties of ethical issues as well as the socioeconomic vulnerabilities of participants in Masana. The application submitted proposing to conduct this study received ethical clearance from the Higher Degrees Committee of the Department of Sociology in the Human Sciences at the University of South Africa (Annexure C), following a positive review of the methods, techniques and ethics proposed to conduct the study.

The next chapter discusses the findings of the study.

## **CHAPTER FIVE**

### **FINDINGS AND ANALYSIS**

#### **5.1 Introduction**

This chapter is a presentation of the results obtained from the analysis of the data derived from interviewed participants. The main emergent themes aim to answer the research question, “*To what extent does social capital harness or frustrate the process of developing micro-enterprises cooperatively?*” The purpose of this chapter goes beyond describing the need for and the process of developing micro-enterprises cooperatively; it also uncovers how participants’ relationships within and between networks contributed to the process as an important source of social capital (Fu 2004). Focus will also be specifically on how participants perceived factors contributing to either the survival or the failure of the cooperatively developed micro-enterprises.

The chapter begins with what informed Umnotho’s rationale for developing micro-enterprises cooperatively, and discusses how the process unfolded. Firstly, a brief history of cooperatives under study is given to give context on how their development progressed over time. Following that is a discussion on participants’ relational patterns as well as how they perceive the different sources of social capital within and between respective social networks. The chapter concludes by discussing identified significant thematic patterns that highlight subtle differences of the perceived role of social capital in developing micro-enterprises cooperatively. The discussion also presents quotations from transcribed interviews.

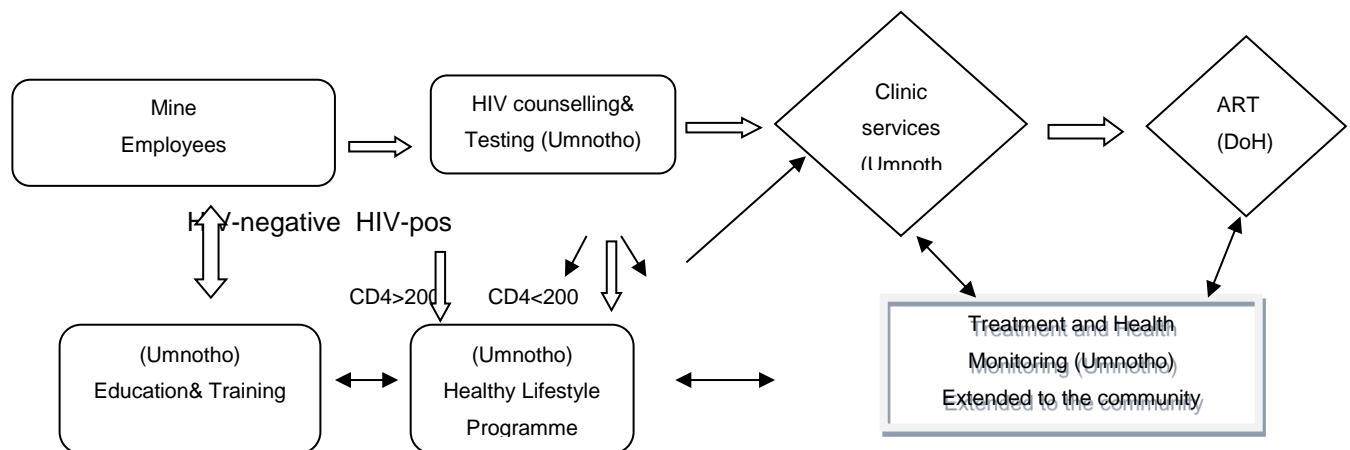
Some parts of the findings are also informed by the observations of the field work I carried out in Masana, as a development facilitator. As indicated, Umnotho had assigned me to support a health and sustainability community project in Masana between 2008 and 2012. During such visits, I was captivated by the associational lifestyle that seemed to define social capital; everybody in the community seemed to know and care about each other in the neighbourhood. Similar caring relationships were also observed during visitations at Umnotho Clinic; a vegetable garden at the back of the clinic tended by members of the local support group of people living with HIV/AIDS (PLWHA) bore testimony to this. Some of the vegetable produce was given to the clinic cook to make soup for waiting patients, especially those who had travelled from far. On some mornings, the waiting room would just burst into song by patients waiting to be seen, and someone would

pray for all the people infected and affected by the HI virus. The potential value that could result from relationships of this nature could not be ignored.

## 5.2 The rationale for developing micro-enterprises cooperatively

Given the socioeconomic profile of Masana discussed earlier, the reality of life in this community seemed hard. Over and above the negative impact of the dysfunctional socioeconomic situation and the HIV/AIDS epidemic in many households, the national challenge of adult access to anti-retroviral therapy (ART) of 2008 hit Masana the hardest. For example, in 2007, Masana was part of the 6 million HIV-positive South Africans in need of ART, which at the time could only be accessed by people on medical aid schemes or workplace programmes (Johnson & Hall 2010).

The challenges of the roll-out plan included a lack of infrastructure and a shortage of HIV/AIDS-trained professionals and of support staff like health care workers. As indicated in Ploch (2011), even under pressure from the HIV/AIDS activists such as the Treatment Action Campaign (TAC), the government's comprehensive HIV/AIDS plan to roll out free ART treatment post-2004 could not reach communities like Masana. It was against this backdrop that Umnotho used its PPM model shown below, to facilitate the building of an accredited<sup>13</sup> HIV/AIDS clinic to provide counselling, testing, treatment and care in Masana.



**Figure 8: Umnotho PPM-supported HIV/AIDS comprehensive programme**

<sup>13</sup>An accredited status required a HIV/AIDS-trained Medical officer of Health and professional nurses as well as a pharmacy and pharmaceutical staff on site.

Umnotho's community outreach workers (OWs) continued to extend comprehensive services of the HIV/AIDS programme into the community by conducting door-to-door home visits and health risk assessments (HRAs), followed by referrals to appropriate services. As the OWs followed up on their HRA issues, they also discovered that the socioeconomic challenges were in fact compromising the effectiveness of Umnotho's HIV/AIDS programme (Re-Action! Consulting (Pty) Ltd 2009). As more reporting by OWs came in from the field, the linkage to challenging socioeconomic issues became more apparent.

The reported lack of socioeconomic resources within households, especially proper nutrition for PLWHA on ART revealed in the results of the *Household poverty and wellbeingsurvey* commissioned by Umnotho, led to the conceptualisation of the household economic strengthening programming. The thrust of this programme was to address poverty related to fundamental needs within households, using resources that the community had for self-sufficiency (Banerjee 1998), in this instance, income generating activities.

### **5.2.1 How the cooperative micro-enterprise development process unfolded**

Given the associational life in Masana, a "bottom-up" development approach that would encourage community participation seemed appropriate in informing further programming. Following a few internal consultations at Umnotho, a decision was taken to invite community members and relevant stakeholders to develop a workshop that would create an "open space" to share ideas of how households could be improved. The identified stakeholders considered relevant included the government's Local Economic Development (LED), the Department of Social Services (DoSS), Department of Health (DoH), Department of Education (DoE) and Department of Agriculture (DoA), as well as non-governmental organisations (NGOs) and faith-based organisations (FBOs). Subsequently, OWs delivered an open invitation (Annexure D) to attend a "Wealth Creation Workshop" (WCW) on 22 October 2008, door to door and in the respective offices of stakeholders mentioned above.

#### **5.2.1.1 The "wealth creation" workshop**

The response to the invitation was overwhelming. The attendees included 60 community members (including a 16-member choir), a healthy mix of local small business owners, housewives and caregivers in households, some involved in small income generating activities, members of community-based organisations (CBOs), non-governmental organisations (NGOs), faith-based organisations (FBOs) and traditional healers organisations (THOs). Umnotho's

officials and community outreach workers (OWs) also attended. The LED was the only government stakeholder that responded to the invitation; they sent a delegate to represent the department.

The workshop was opened with singing and praying. The Umnotho programme director explained the purpose of the workshop and invited the community to use the space to suggest strategies that would create wealth that would sustain the community by improving people's livelihoods. The stance taken by Umnotho was that the community should take ownership of their own development. People were divided into groups for brainstorming sessions. The ideas that were generated from the respective groups were collated on the wall and referred to as the "village market" for all participants to see. The positive spirit of togetherness was very visible as community members participated responsively and shared ideas willingly.

The minutes of the meeting and the ideas generated at the WCW (Annexure E) were communicated to Umnotho. It was established from the minutes that several households were already engaged in income generating activities. Subsequent to several consultative meetings between Umnotho and the Department of Trade and Industry (DTI), I acted on the recommendations to develop the existing and new income generating activities into cooperatively owned enterprises, given the associational life observed in Masana.

As follow-up to the WCW, Umnotho set out to host an information giving workshop in partnership with the DTI's small enterprise development agency (**seda**). An invitation to attend this workshop on 28 November 2008 went out to the community members and stakeholders who had attended the WCW.

#### **5.2.1.2 Information session on business development by *seda***

The session was opened with a prayer and song. Community members were made aware of the benefits of registering as **seda's** members and of the government's mandate to develop small business enterprises. People in attendance got to know about products and services they could benefit from as **seda** members as well as added benefits of working as a collective. The principles of operating as a cooperative (autonomy, democracy, participation, equality, equity, solidarity and values of self-help and self-responsibility) were also explained. The audience was participative and asked many questions; by close of day, 73 community members were registered as **seda** members.



**Table 2: Masana registered cooperative micro-enterprises**

Reg. coop	No. of members registered		Enterprise activity		Study participants
	Start	Study	Start	Study	
TTS1 Laundry	5	3	Laundry	Soap making	*Mafakas&Noma
TTS2 Sewing	5	2	Sewing	Sewing	Fiks&*Jabs
TTS3 Poultry	5	1	Poultry	Vegetable planting	Ntombi *Mambuso Sendie
TTS4 Child Care	5	2	Childcare	Childcare	*Mazembe&*Gobi
TTS5 Fitness	2	1	Boxing	Gym/Fitness	*Msulwa
TTS6 Catering	10	5	Catering	N/A	Malume, Futhi, Ocean & Girly
STO1 Vegetables	5	1	Planting	Planting	*MamBee
STO2 Bakery	6	2	Bakery	Not in business	*Mama & Buti, &Nozi
NO1 Impilo	4	1	Crafts	N/A	Makhosi
NO2 LS Catering	4	1	Catering	Own business	Trusty
NO Harvesters	11	0	Brick making	N/A	N/A
NO TZ Sewing	5	0	Sewing	N/A	N/A
NO NT Transport	5	0	Transport	N/A	N/A

The micro-enterprise development process gained momentum from January 2009 as **seda** started with the rolling out of training sessions in business skills. The process of registering cooperatives with the Companies'Intellectual Property Registrar's Office (CIPRO) facilitated by **seda** culminated in 13 registered cooperatives by mid-2009.

### **5.2.1.3 Starting up cooperative businesses**

The table above depicts all the micro-enterprises that were registered as cooperatives. It further depicts the operational status of cooperatives as the process unfolded, namely those who tried to survive (TTS), those who stopped operating (STO), and those that had never operated (NO) (categories of the operational status of cooperatives under study in subsection 4.3.1). The table reflects the membership of respective cooperatives at the time of registration and when the study was conducted. Participants who are marked with an asterisk are those who were still trying to develop/resuscitate their cooperatives at the time this study was conducted.

Umnotho used the collaborative support and co-investment strategy of the PPM model of upstream support to initiate and strengthen the micro-enterprise development process (Annexure F). The success of the process depended on the ability to link resources beyond the community; - hence Umnotho's attempts to involve stakeholders from several local government departments at the beginning of the process.

It is perhaps important to mention that none of the cooperative members had assets to use as collateral to secure loans from the banks to use as start-up capital. Umnotho's plan in assisting in this regard was to give the following cooperatives soft loans: the Laundry, Sewing, Poultry, Bakery and Vegetable farming cooperatives. The respective cooperatives needed to give written consent to the terms and conditions of the soft loan as set out by Umnotho. In addition, two members of each cooperative needed to be mandated to be signatories in entering a contractual agreement with Umnotho to ensure that the following conditions were in place:

- Repayment of 10% of the profit as soon as the business becomes profitable
- Submission of a monthly progress report to Umnotho
- Submitting minutes of the monthly meetings to Umnotho for as long as the cooperative was still being incubated. Following successful incubation, the plan was to empower cooperatively owned micro-enterprises to be self-sufficient.

Umnotho's loan conditions were informed by the knowledge that markets in Masana were far from competitive and that cooperative members had no assets and could not raise collateral to secure loans from financial institutions. Therefore, repayment conditions between Umnotho and the

respective cooperatives were based on trust. The arrangement served mainly to avoid giving cooperative members “hand-outs”, but to encourage participation in the development process.

The 30<sup>th</sup> of April 2009 was a big day in Masana; on this day, the mandated members from the respective cooperatives signed contracts for the loaned amounts. Following that, Umnotho started with the procurement of the required business equipment. The cooperative members started and ended the day with prayers and singing of hymns and ululations.

### **5.3 A brief history of the cooperatives under study**

#### **5.3.1 Participants in registered cooperatives that still tried to survive (TTS)**

##### **TTS1: The Laundry cooperative micro-enterprise**

57-year-old widowed Mafakas established laundering services as a small incomegenerating activity to provide for her two children and five grandchildren since her husband and two of her children had died in 2007. She had built her clientele by washing and ironing laundry brought in by teachers from a nearby school. As she was not literate, her two literate daughters assisted in developing this incomegenerating activity into a small family-run business.

Mafakas shared her business ideas with other like-minded attendees at the WCW and prospects of expanding this venture into a sustainable and profitable cooperatively owned enterprise were brainstormed. Noma and two other ladies cooperated in registering this business with Mafakas and her two daughters.

Like Mafakas, 37-year-old Noma owned a small business of selling clothes to augment her household income. Noma’s husband was employed by one of the local mines. Her two children were attending school at Masana primary school. Although she bought into becoming a member of the cooperative, she continued with her side business in her spare time.

Although the socioeconomic backgrounds of Mafakas and Noma differed in terms of household composition and livelihood, age and literacy levels, they were both entrepreneurs in their own right and shared the vision of grasping an opportunity to develop their business skills and to grow a jointly owned micro-enterprise. The cooperative had mandated Noma and Mafakas to be the

signatories of the loan contract. The delivery of the laundry equipment seemed a huge milestone for the cooperative as prospects of a successful business were in sight.

The members of the TTS1 attended most business skills training sessions provided by **seda** in partnership with Umnotho. Unfortunately, the profitability of Mafakas's business was not sustainable; she mostly had teachers as patrons and when they took their business elsewhere the business failed. Attempts to rescue the business such as sending out laundry business proposals to neighbouring mines did not yield positive results.

The monthly reports Umnotho received from the TTS1 cooperative reflected a turnover that could not cover the business running costs. As a result, cooperative members were becoming disillusioned when their projected wages could not be paid. Mafakas and Noma were the only functional members by the time the cooperative decided to diversify (the other two ladies had left, one of Mafakas daughters got employment and the other had died).

It became necessary for TTS1 to diversify its services in a bid to rescue the business and turn it around. The strategy was that Umnotho would assist TTS1 in sourcing training and products to manufacture household cleaning detergents. The outcome was that TTS1 started selling unbranded but good quality cleaning detergents (dishwashing liquid, pine gel and liquid surface cleaner) in an attempt to revive the profitability of their business.

At the time of conducting this study, the laundry equipment was not in use and stood covered with a blanket. In the meantime, Noma seemingly channelled her efforts more to her side business. Mafakas, still in possession of the laundry equipment, hoped to recruit like-minded people to join the cooperative. She was pinning her hope on securing a laundry contract with one of the neighbouring mines. The business turnaround strategy of making cleaning detergents made the business viable but not profitable.

### **TTS2: Sewing cooperative micro-enterprise**

Similar to the Laundry cooperative, Jabs, an entrepreneurial 48-year-old single parent, had established a sewing business with two (daughters) of her four children to generate income for her household. Her household income had to cater for four grandchildren as well. Jabs's kitchen is evidently not only used to prepare meals for her family; it also serves as a sewing room for beautiful traditional garments, school uniforms for children and other pieces like curtains and

bedcovers. Like Mafakas, Jabs shared her business ideas with others at the WCW and, during the brainstorming session, Jabs saw prospects of her sewing business developing into a sustainable and profitable cooperatively owned enterprise.

The other TTS2 cooperative member was Fiks, a 30-year-old married woman and mother of three children of school-going age. Fiks was on contractual employment with Umnotho. Jabs and one of her daughters were mandated by the cooperative to be signatories to the loan contract. The delivery of the industrial sewing machine and sewing materials seemed like a huge milestone for the cooperative as prospects of a successful business were in sight. Contrary to what was expected, Jabs was the only member who attended most business skills training sessions provided by **seda** in partnership with Umnotho. Her two daughters were apparently only interested in collecting money for the business.

Unfortunately, like the poultry cooperative, the sewing cooperative faced a general lack of liquidity. Even though they had a steady clientele (clothing school children), their prices had to compete with stores selling at wholesale prices such as the local PEP stores. They also had to sell on credit because they understood the plight of their unemployed neighbours and friends. The pervasive structure of credit and defaulted payments persisted. The sewing cooperative also failed to make a turnover with profit.

At the time this study was conducted, Jabs was still stitching her fingers away, with sporadic help from her two daughters. Complete sets of school uniforms were spread out on the dining room table, ready to be collected. It was alleged that Fiks and Jabs's two daughters ultimately stopped being involved; reasons given for leaving the cooperative were interference with Umnotho's outreach work responsibilities and lack of remuneration.

Like Mafakas, Jabs still hoped that, since she was still in possession of her sewing machine, she could still recruit like-minded people to join the cooperative. Jabs expressed her hopes of landing a sewing contract to make uniforms for the mineworkers or for school children in one of the farming schools.

### **TTS3: Poultry cooperative micro-enterprise**

Two members of this cooperative had since left after attending the first meeting that constituted the cooperative, leaving the three members: 58-year-old Mambuso, 46-year-old Ntombi and 45-

year-old Sendie. All three remaining members are married women staying with children and grandchildren. They also belonged to the Assemblies of God Church and were staunch members of a women's prayer group. At the time of conducting the study, Ntombi and Sendie had left the cooperative, with Mambuso making futile attempts to rescue the cooperative. The last meeting reported that members were disillusioned about the cooperative not making a profit and constant disagreements and tensions cropping up in their meetings.

Mambuso and Ntombi had been entrepreneurial prior to registering the poultry micro-enterprise cooperatively. While Mambuso generated income by selling live chickens, Ntombi sold knitted and crocheted items. Sendie was volunteering for the local NGO and received a stipend when money was available. It seemed that the fact of friendship and fellowship not only attracted the ladies into a cooperative, it also gave them hope of positive outcomes of collective efficacy. The cooperative had mandated Nombuso and Ntombi to be the signatories of the loan contract. The delivery of the chickens and their feed seemed like a huge milestone for the cooperative as prospects of a successful business were in sight.

As with the TTS1 cooperative members, the remaining members in this cooperative (TTS3) attended most business skills training sessions provided by **seda** in partnership with Umnotho. Unfortunately, the cooperative faced a general lack of liquidity. Because they had to buy stock regularly, they ran out of cash before "pay day". Although the cooperative managed to secure a steady clientele, these people had to eat chickens even if they did not have cash. On the other hand, the cooperative had to give them credit because they could not afford them walking away from the business. As a result, the pervasive structure of credit, an ever present problem of defaulting with payment, crippled the business. Reports indicated disillusionment of members as result of the tediousness and fruitlessness of following up debtors, as well as the inability to make a profitable turnover.

It also became necessary for TTS3 to diversify its services in a bid to rescue the business and turn it around. Umnotho assisted TTS3 to acquire a 200-m<sup>2</sup> plot next to the clinic for vegetable planting. Each member had to work an equal amount of land. The cooperative members welcomed the idea and managed to purchase seeds and all that was needed was their labour. Planting began but, unfortunately, Mambuso was the only member who pulled through. Ntombi concentrated her efforts on producing her crafts and Sendie on her volunteering work with the NGO.

At the time of conducting this study, Mambuso was the only member who continued to plant on her allocated piece of land; she even produced enough vegetables to feed her household and made sales from surplus stock. She also continued to sell chickens, though with intermittent success.

Umnotho also lobbied for TTS3 to be allowed to use the chicken houses that stood empty and unused at a nearby farm that belonged to the local municipality. The municipal officials facilitating the proposal were not responsive and failed to attend the meeting.

#### **TTS4: Child-Care cooperative**

Members who are still remaining in this cooperative are 58-year-old Mazembe, and her 32-year-old daughter, Gobi. The other three members allegedly stopped reporting for duty without giving any reasons. Mazembe has been staying with her daughter Gobi since her husband had abandoned them when Gobi was still a toddler. Mazembe's other two grown-up children have left home; however, she reported that they still send remittances to support her. Although Mazembe did not receive any formal education she ensured that Gobi completed her secondary school education.

As a result of high levels of unemployment in Masana, Gobi could not find employment and decided to look after the children of working mothers in the neighbourhood to generate income. Mazembe stepped in to assist her daughter and their business relationship started. Both Mazembe and Gobi are members of the Assemblies of God Church and have a good working relationship.

This cooperative did not require Umnotho's soft loan because its cash flow was generated from the school fees paid on a monthly basis. Although they did not receive a loan from Umnotho, I facilitated a donation of floor mats, tables and chairs, educational toys, cooking pots as well as crockery and cutlery from the partnership that Child Welfare South Africa (CWSA) had with one of the financial houses.

Mazembe and Gobi attended most business skills training and business support sessions provided by **seda** in partnership with Umnotho. Although the nature of the service rendered by this cooperative supposedly brings in a stable income because of its stable clientele, Gobi reported

that it struggles occasionally with cash flow when parents default with school payments. As a result the money that the business generated was just enough to break even.

At the time of conducting this study, the business was trying to survive as a registered cooperative, although only two of its members were operational. With Umnotho's advice the cooperative had applied to have a not for profit (NPO) status, so that it could be linked with other government departments like social services for growth and support.

#### **TTS5: Physical fitness micro-enterprise**

Msulwa is a 36-year-old unemployed father of four children. He has been residing in Masana with his partner for the past 15 years. Msulwa indicated that he took over as head of the household after his brother passed on. His other siblings are married and stay with their families. Msulwa collects rent from his tenant to augment his livelihood. Msulwa is a member of the Zion Church and allegedly upholds his traditional values. He likes the Zion Church because he believes that, unlike other modern churches, it respects traditional values such as recognizing the existence of ancestral powers.

Msulwa indicated that he was keen to develop the local youth through physical training and dance. He also volunteered a lot by mobilising youth to keep the local parks clean and green. Msulwa's vision was to operate this cooperative as a physical fitness business that would generate money from membership fees. The other two members who cooperated with Msulwa in registering the business shared the same vision. This cooperative did not receive any monetary support from Umnotho.

In a bid to assist TTS5 in making the business viable, Umnotho provided support by facilitating a dance exhibition from *Moving Into Dance Mophatong* (MIDM), a Gauteng-based accredited dance company that was prepared to incubate interested youth from Masana. One of the outcomes of the incubation was that the trained protégé ploughs back into their community – a job creating initiative supported by the Department of Arts and Culture. The proposal to support the initiative was presented to the local municipality's Department of Local Economic Development (LED). At the time of conducting the study, Msulwa reported that he had had no response from the LED Department.



Although five members registered with the cooperative, Msulwa was the only one who attended business skills training sessions provided by **seda** in partnership with Umnotho. At the time of conducting this study, Msulwa was in contact with the local mining office that promised to renovate a building and turn it into a physical fitness centre. Msulwa seemed hopeful that his breakthrough would come and that he would get like-minded people joining the cooperative to make it sustainable and profitable.

### **5.3.2 Participants in registered cooperatives that have stopped operating (STO)**

#### **STO1: Vegetable farming cooperative**

MamBee is 74 years old and has agreed to be interviewed as one of the founder members of this cooperative. The other founder member, Mkhulu, passed on a year after the cooperative was registered. MamBee was also widowed and has been staying alone for the past 12 years. She pointed out that she enjoyed being a worshipper at the New Apostolic Church because it made her feel at home and gave her reason to carry on. Her grown-up kids have all left home but visit her occasionally and send remittances to augment her monthly income of R1200 from the old-age pension grant. She also reported that the vegetables that she grew sold for about R200.00, “when the month is good”, she chuckled.

MamBee has been entrepreneurial prior to being part of the registered vegetable cooperative. Together with three other members, they had acquired a piece of land at the outskirts of Masana to plant vegetables. The vegetable produce fed their families, other needy community members (orphans and the elderly), and the surplus was sold for a little profit. The business ideas that were brainstormed at the WCW brought this group hope that registering as a cooperative would allow them to access resources: they needed to fence the piece of land to ward animals off, and they also needed gardening tools. The other requirement was to erect a *JoJo* water tank close to their garden. Having their group registered as a cooperative seemed a huge milestone for them and they celebrated with song.

MamBee and other cooperative members, who had since left, were the mandated signatories for the Umnotho soft-loan contract. Like the other cooperatives, the delivery of the seeds and gardening tools was highly appreciated by all cooperative members. A consignment of more gardening tools from the local LED was delivered at a later stage, following a request submitted by Umnotho on behalf of the cooperative.

MamBee attended most business skills training sessions provided by **seda** in partnership with Umnotho, and was very happy to receive a certificate of competence. The other registered members kept sending apologies for not attending.

Umnotho got into negotiations with the local LED and DoA to rescue the vegetable farming cooperative. Negotiations between Umnotho and the LED and DoA officials included introducing MamBee to the farm group for a possible merger. At the time of conducting this study, MamBee did her own planting and did not have a clue of what happened to other members of her cooperative, members of the new group or with the gardening tools procured as business equipment. MamBee also reported that their garden patch still stands unfenced and the erection of the *JoJo* water tank never happened.

### **STO2: Baking micro-enterprising cooperative**

As with the Mazembe and Gobi (parent and child) business partnership of TTS4, 63-year-old Mama and her 38-year-old son Buti were in a survivalist business partnership of baking and selling cakes prior to constituting the cooperative. Mama would bake and Buti would assist her with sales. This household, all members of the Victory Fellowship Family Church, comprised of Mama's husband, her other four children, 12 grandchildren and three great-grandchildren. The stable source of household income was reported to be from the monthly rental from the two tenants, child support and old-age grants from DoSS.

Mama and Buti's income generating venture incorporated other members at the WCW and they registered it as a cooperative enterprise (with Nozi and the other members that had left). At the time the study was conducted, Mama had reverted to baking on her own because the business allegedly failed to make a profit and working as a group did not help. Buti reported that although he takes "piece jobs", he still assists his mother with sales if he could.

36-year-old Nozi, a single mother of four has been responsible for her four children, all of school-going age, since her husband had left two years ago. Her youngest child stays with her mother. Nozi was also part of the baking cooperative but has since stopped working with them because she also believes that working in groups does not help. Nozi complained about misunderstandings in the group and lack of commitment to attend meetings and people wanting to use profit made for personal consumption. At the time of conducting the study she had resorted to baking cakes (if she managed to purchase the ingredients) to support her children. Nozi

maintains that she draws strength from having emotional and financial support from her mother, as well as spiritual guidance by being a member of the Zion Christian Church.

### **STO3: Catering micro-enterprising cooperative**

All four of the interviewed members of this cooperative are employed on contract as Umnotho's community outreach workers (OWs). Their core duty and responsibility is to do door-to-door visitations in the entire community, assessing health and social issues in households and making referrals for appropriate services.

The first member is 39-year-old Futhi. She stays with her husband and their three children. Futhi plays an active role in community development as a trusted Umnotho's OW and has been elected as an administrator of the women's money-lending club popularly known as "zama-zama", loosely translated into English as "keep on trying" as one of the survival strategies. She is also a member of the Roman Catholic Church women's organisation.

The second member of this cooperative is 45-year-old Malume. He has been staying with his partner and their two daughters for the past 20 years. Malume regards his household as a solid unit formed by his immediate and extended families fulfilling different roles and sharing responsibilities. He is also a lay preacher in the local Disciples of Christ Church.

The last two members of this cooperative, the youngest and single are 33-year-old Nokwanda and 30-year-old Beauty. Nokwanda has two children and stays with her sister, who also has a child. She is a member of the Apostolic Mission Church of South Africa. Beauty has been staying with her mother for the past 15 years and is a member of the Methodist Church of South Africa. She also sings in the community Youth Choir. For these members, the business development process afforded them an opportunity to formalise their catering business to improve their livelihoods.

## **5.3.3 Participants in registered cooperatives that never operated (NO)**

### **NO1: Traditional healing products micro-enterprising cooperative**

63-year-old Makhosi is a well-known traditional healer in the community and a member of the recognised South African Traditional Healers Association (THA). She was granted accredited status after undergoing training on health matters. Makhosi was engaged by Umnotho clinic on occasion to advise patients on traditional health matters. Makhosi and her husband separated

some 13 years ago and she has been staying with her children and grandchildren. Her grown-up children have left home and are helping out by sending her monthly remittances.

Makhosi and other traditional healers registered a cooperative with the intention of selling herbal medicines and grass mats. They were discouraged by market prospects and decided not to proceed with their business ideas.

## **NO2: LS Catering cooperative micro-enterprise**

This cooperative was registered as an enterprise by 45-year-old Trusty with four other members. Trusty is married and has been staying with her husband and two children for the past 12 years. Trusty had been operating a small catering business to generate extra income for her household. Trusty and the other members' decisions to register for a catering cooperative were informed by the business ideas that were shared and brainstormed at the WCW. They also attended the business skills training courses.

However, Trusty confesses to having been part of the business development process out of curiosity, because, she said, she always knew that the market in Masana would never have a market for a big business. Although a plan to expand the cooperative's business was to venture into establishing a bed and breakfast business, she always knew that Masana would never attract sufficient numbers that would spill over to their business.

At the time of conducting this study, Trusty was operating her catering business and making just enough money to augment her husband's salary and that provided comfortably for their livelihood, she said.

Seemingly, the participants were hopeful that with Umnotho's business turn-around strategies and support their enterprises would eventually become profitable and sustainable. It is perhaps appropriate at this stage to mention that, given the socioeconomic status of Masana as discussed in the preceding chapter, the participants in the TTS cooperatives were not in a position to fund themselves as they derived income from what Hart (2000) refers to as an "informal economy" (the self-employed in income generating activities and casual labour).

## 5.4 Participants' relational patterns

The relational patterns of participants within and between networks have shown how different types of social capital (bonding and bridging) shape associational life when risks and shocks are managed. For example, although the location of the participants' respective residences have a 20/80 split between town and township, they resemble a community. As Masana's permanent residents for more than ten years, participants seemed to enjoy what Rovai (2002) considers aspects that contribute to the essence of a community, namely mutuality, identity, sharing a history, interchanging, a sense of togetherness and belonging that go with joint responsibility. The railway line that cuts this community geographically into two neighbouring sites seems not to interfere with the connectedness and realities of common interests shared. For example, participants can be seen covering the distance easily on foot, going to and from town to access most amenities such as the magisterial court, post office, banks, health clinics, schools and community information centres.

### 5.4.1 Social relations within the family

Families in Masana can be regarded as a source of social capital when considering Putman's (1993) and Coleman's (1988) respective views of social capital as *mutual obligations and trust*, and a *social structural resource*. When talking to respondents, one could deduce how participants benefited from the intimacy of trusting and reciprocal interpersonal relationships within families – the social capital that allows family members to pool resources together to manage and be resilient to daily shocks and vulnerabilities (Vermaak 2006). As mentioned in section 5.3 above, four of the micro-enterprises who predated the formation of cooperatives were started as a parent-and-child partnership within certain families.

On further probing, participants' responses confirmed that the proximity that oftentimes results in close relationships enhance trusting relations within family networks (Woolcock 2000). As Levi (1998) posits that trust is relational and can be a rational calculation of benefits and costs, the study established participants' calculated moves when they indicated that they readily approach their family members with different types of problems and needs for assistance. Similarly, most participants attributed reciprocal acts within families to their financial and emotional resilience; hence their resolve to stand by their primary social networks even if it came at a cost. When justifying their confidence in family members, participants spoke about feelings of "safety" and "closeness" when approaching family members for assistance.

Nozi: "It is better to discuss your problems with people who are close to you. You will not have your private stuff all out there for people to mock you."

Beauty: "You feel safe when your secrets and weaknesses can stay safe with your family."

On the whole, participants seem to care for each others' material and psychological needs, as shown in the sharing of food, money and living space. Coping strategies in households evidenced that the social capital within families help members to access resources in general. However, the story shared by Mafakas indicated that trust implies a risk to the truster (Levi 1998), and that social knowledge does not necessarily exclude some form of distrust and suspicion (Rubbens 2009), even when resources are being shared:

"One of my nephews, who I thought understood my situation, came to stay with me whilst looking for work at the mine. What did he do? He went and had an affair with an older woman in our neighbourhood. He started stealing money from me, and I kicked him out."

On the whole, the study established that families contribute not only financially to the welfare of its dependants, but that valuable skills and norms of reciprocity are also transmitted from generation to generation to help members adapt outside the family (Fukuyama 1995).

#### **5.4.2 Social relations in the neighbourhood**

The discussion in the preceding theory chapter established that different social theorists concerned with the value of social capital, emphasised the density of social networks when engaging with others in formal and informal social activities (Smith 2000-2009). For example, as the cooperative enterprise development process unfolded, it became evident that participants were able to extend the norms of trust and reciprocity shared, as family and friends could be extended to strangers during the WCW and subsequent development interventions.

This study has, however, established that even though the concept of social capital contends that such interactions engender a sense of belonging that builds relationships of trust and tolerance (Smith 2000-2009) beneficial to individuals and collectives (Weller & Bruegel 2009), almost all participants (18) expressed reservations in approaching their neighbours with confidential matters for assistance. The reasons provided by them for not considering confiding in their neighbours included fear of being taken for granted or being made vulnerable. For example, one participant

remarked that other people outside the family could only be trusted if their true intentions were known.

The study found that most participants were only prepared to risk trusting when acting as a collective, having reasonable belief that those trusted will reciprocate consistently in the interest of the one who trusts (Smith 2000-2009). Cited examples of expected acts of reciprocity include neighbourly support and solidarity seen during weddings, bereavement and funerals. However, a few participants (5) admitted that sometimes they do not have a choice but to rely on their neighbours for assistance when their options of surviving hardships have run out.

The findings of the study conducted by Weller and Bruegel (2009) on *Children's 'place' in the development of neighbourhood social capital* highlight how having fear can restrict interaction with others. According to Levi (1998), restricted interaction interferes with the needed embeddedness required for social capital formation. Therefore, in a similar way, the fear to be ridiculed or taken for granted expressed by participants in the study diminishes the capacity of having social knowledge to make sound character assessment about people in the neighbourhood (Levi 1998; Rubbers 2009).

Although close social relationships are considered an asset for social capital formation in communities, particularly those experiencing similar conditions, relationships with strong ties tend to exclude non-members, thus discouraging social inclusion (Baron, Field & Schuller 2000). Narrations shared by Jabs and Mafakas below serve as examples. Further probing revealed that they were excluded from activities in their neighbourhoods as a result of being stigmatised for being associated with HIV infection and AIDS-related deaths in their households.

Mafakas: "I used to bake and sell fat cakes that people in the neighbourhood liked a lot, to help with my husband's wages. After people heard what happened to me, with illnesses and deaths, gossiping started that my house was not clean anymore, so the fat cakes might not be clean too. I started to notice people were not visiting me that much anymore and also stopped buying from me."

Jabs relived how unsupportive her neighbours were when she lost her grandchild:

"I sat all alone in that corner with the corpse of my grandchild, crying [pointing towards the wall] until my mother came. It was sad and it hurt a lot... but nobody came to my house. What type of people do this?"

Although most participants felt that approaching neighbours for assistance might be the right and expected thing to do, some felt that it might be a way of opening one up for betrayal. Most participants felt that, “neighbours talk a lot and cannot be trusted”. One participant commented that, “*izindaba zomdeni a kufanelanga zi phumele nga phandle*” (family matters should not be taken out in the open). In general, participants appreciated having family and neighbours to rely on; however, expressing their fear and vulnerability indicates that participants are aware that trusting implies taking a risk (Levi 1998). Therefore, although the study established this awareness, it also draws attention to the complicated ways in which participants use shared norms to form strong and meaningful social ties within and between social networks to produce and maintain social capital (Putman 1993).

#### **5.4.3 Religious associations**

This study found that religious associations and religion-related events in this community afford participants opportunities to interact and reach out to people outside of their primary groups (John & Coleman 2003). When talking to participants, it became evident that religious organisations have a strong influence not only for spiritual guidance; religious associations seemed to regulate the social interactions of individuals (Candland 2001). The 20 participants interviewed all indicated that they belonged to a religious organisation and confirmed regular attendance at the following Christian churches: Assemblies of God (5), Catholic (1), Zion Christian (3), Apostolic Faith Mission (2), Alliance Christian (2), The Victory Fellowship (2), Methodist (3), Jehovah’s Witnesses (1), and the Disciples of Christ (1). Out of 20 responses, 16 indicated their willingness to approach the church for pastoral assistance. That faith can be a form of social capital (Candland 2001) was confirmed by the general perception elicited from participants that their different churches were good places to meet with friends and be in fellowship with one another.

A significant number of participants (8) spoke extensively about the benefits of fellowship such as how it makes them feel like a close-knit family. Mafakas, for example, shared how pastoral care helped her cope after the loss of her family members and the betrayal by her nephew:

“It was bad...I felt so betrayed, I nearly lost my mind. If it was not for “*emithandazo ya bomama base sontweni nabafundisi, ensizile kakhulu*” (prayers I received from women prayer groups and pastors helped me cope).



Some participants (6), especially those without spouses or partners, spoke about how emotionally safe they feel when confiding in their pastors or church elders:

Sendie: "I report almost every problem there (Assemblies of God), all my concerns get delivered there."

Msulwa: "It is better to trust my Pastor with my secrets. I know he will never take advantage of me by using them against me."

Such benefits shared by participants confirm Vermaak's (2006) assertion that religious organisations provide a means by which social capital can be distributed among the broader community. Benefits cited include spiritual fulfilment and guidance (6) as well as provision of emotional support (6) and financial assistance (8). Other participants felt that their respective churches provided safety nets by providing material and non-material assistance (pastoral visitations) for the elderly and orphans in the community. Some responses from participants indicated kinship relations that were replaced by pastoral ones.

Participants of mostly the Assemblies of God and the Catholic Church mentioned that families in need get provided with Christmas hampers of groceries annually, and clothing and school fees and bursaries at the start of the year. One participant was particularly grateful for the link the Catholic Church made with pastors from overseas: *"Every year, they send us bundles of clothes for families in need. They also provide money for our church to organise bursaries for our children."* Interestingly, the younger participants, particularly of the Methodist Church, considered pastoral assistance as spiritual guidance to grow in faith and fellowship and as a chance to socialise with peers. Great appreciation was also expressed by some participants for guaranteed pastoral assistance provided during bereavement and in covering funeral expenses.

Fiks: "My church helps us when we need help the most. They do not even expect us to pay a lot of money because they know we are poor here, and they give every member the same amount of help."

Trusty: "In our church, we live by principles from the Bible. John 3 verse 3 says, 'Love your neighbour as you love yourself'. That is what everybody in our church is expected to do."

Putman and other theorists also support the notion that religion seemingly supports the formation, mobilisation and maintenance of social capital for specific needs such as family support, social control and how people relate to one another. In addition, the social bonds that participants

enjoythrough regular face-to-face interactions are nurtured and maintained by sharing and internalising similar norms and values (Cnaan, Boddie & Yancey 2003).

## **5.5 A thematic presentation of the findings**

### **5.5.1 People mostly participate voluntarily to help one another**

Most definitions of community participation refer to human impact and social benefits as a result of contributions of people's labour, capital, knowledge and sometimes equipment to achieve a tangible social or economic output (Vazquez-Pereira 1996). The accounts given by participants reflect the impact of their contributions on the lives of other people, as individuals or as a collective. Efforts made collectively are also regarded by participants as contributors to the smooth running of cooperatively run social events like funerals and weddings. Even if these cooperatively run events are mostly run informally, they create structures whereby people pool resources to make and execute decisions collectively. In addition, some participants reported that such informal meetings present opportunities to strengthen relationships and address issues of concern with friends and neighbours.

Although more than half (11) of the participants reported that they participate willingly to achieve common goals, some participants (3) felt that community members do not like to participate collectively. However, 9 of the 11 participants elaborated on how working together benefits and brings comfort to bereaved families in the neighbourhood during funerals. Sendie commented, "When somebody dies in this community, it affects all of us." Malume also shared how a burial organisation founded in their neighbourhood under his leadership had benefited its members for over a decade:

Malume: "I can say that people in this community realise that you need other people to help you if you are to overcome the challenges of life. I will give you an example, in our neighbourhood. I am chairperson of a burial society that we formed more than ten years ago. Everybody contributes money because they know that it will help them with the funeral costs. Things are very expensive. There is also much to do to prepare for a funeral and people know that when they come to help you, they will also get the same help when they need it."

He continued:

“I remember, once our church could not find a venue to host the annual conference. The principal of a nearby school offered that we could use some classrooms. After the conference, we as church members decided to go back to that school to fix all the leaking pipes and broken windows. We even bought school uniforms for several needy children. We did everything with money from our pockets because we felt that one good turn deserves another.”

It was clear that Malume believed in reciprocity as a virtue, as he commented further, “I have been converted to know the Lord as my personal Saviour. Therefore, as a member of the Disciples of Christ Church, my wish is to convert others in the community so they may also know the ways of the Lord.” The quotations above indicate the spirit of reciprocity being nurtured in members of different churches.

The analysis of the responses indicates that several participants engage in voluntary services in a bid to make a difference in the lives of people in their neighbourhoods. For example, participants cited incidents where they mobilised to clean the streets and to attend to the needs of those too old and those too young to help themselves. For example, Noma reported that she organises her neighbours to clean up their surroundings in instances where expected services are not delivered (for example, when the expected municipal refuse removal truck does not make its rounds). MamBee said she makes time to visit the elderly to pray or just to spend time with them. Trusty reported that she normally makes her resources (time and transport) available when a neighbour has to be taken to hospital in an emergency (the emergency vehicle that serves the community of Masana is apparently 30 kilometres away). Msulwa volunteers his time to keep the youth from the streets by teaching them dance moves. Participants in the employ of Umnotho and some local NGOs as community outreach workers (OWs) reported that they often volunteer their services to the community after hours.

Some participants acknowledged that it has been through such acts of volunteerism that they learnt the habits of cooperation (Putman 1993). For example, Fiks and Girly shared that by volunteering their time to teach the youth the facts about HIV/AIDS has honed their communication and interpersonal skills.

### 5.5.2 People in this community cannot be trusted

The participants claim that people in the community of Masana cannot be trusted. Upon probing further, almost all the participants (18) reported a lack of trust within and between societal networks. The study established that the uncertainty and anxiety experienced by participants were mainly as a result of unmet expectations as well as unknown intentions of the people to be trusted. Hence the hesitant and uncomfortable pauses before some participants responded to the question, “*Would you say most people in your community could be trusted?*” Seemingly, participants’ perceptions about the community’s trustworthiness were, to a large extent, socially constructed. For example, although most participants struggled with the gap between certainty and uncertainty (Rubbers 2009), they seemed comfortable in agreeing to develop their micro-enterprises cooperatively based on the knowledge of family and friends they had. Mafakas, for example, said:

“*Eish!* I don’t know...people here like to pretend that they are okay with you, but when it comes to giving you support, like when you start a business it becomes a problem...they change. For instance, for me to make a little money I arranged to do washing and ironing for teachers at my child’s school, I got paid at the end of each month. The more teachers joined this arrangement, the more money I made. To my surprise, all of sudden, teachers stopped bringing dirty laundry, one by one. I heard that one teacher, who was one of my customers has hired one *umahlalela* (an unemployed person) and pays her a low wage to do what I used to do”.

As Fu(2004) noted, trust and social capital seem to be mutually reinforcing; social capital generates trusting relationships, which in turn produce social capital for the smooth functioning of society (Ward & Meyer 2009). Rubbers (2009) also observed that trust is supposedly taken for granted in bounded communities, and what is taken for granted will be taken away. This study has established that most participants have interpreted the pervasive anxieties and uncertainties as ingenuity, jealousy and selfishness and has taken the trust away. Several participants raised concerns about the ingenuity of people in the community of Masana. Mafakas, for example, narrated her concerns as follows:

“*Eish!* I don’t know...people here like to pretend that they are okay with you, but when it comes to giving you support, like when you start a business it becomes a problem ... they

change. For instance, for me to make a little money I arranged to do washing and ironing for teachers at my child's school; I got paid at the end of each month. The more teachers joined this arrangement, the more money I made. To my surprise, all of a sudden, teachers stopped bringing dirty laundry, one by one. I heard that one teacher, who was one of my customers, has hired one *umahlalela* (an unemployed person) and pays her a low wage to do what I used to do."

Given that the act of trusting is the knowledge or belief that the one trusted will have an incentive to do what she engaged or promised to do (Levi 1998), it was not unreasonable for Mafakas to expect that the teachers would continue to give her support. For the participants, the initial granting of trust depended on knowing the person better (process-based trust) and the evaluation of personal characteristics such as looks (characteristic-based trust) (Levi 1998). However, for some participants like Malume, Futhi, Nozi and Fiks, process-based trust ranked high as a marker for trustworthiness in people. For example, Nozi also hesitated before she could respond to the question about trusting people in the community. In her opinion, people like to pretend to be good to strangers like you (pointing at me):

"One needs to first know a person really well before you can know if they can be trusted or not. Their true colours come out when you are gone and we are left behind to deal with it."

Noma: "I can say people in this community are divided; some can be trusted, some not. Some like doing things together some don't. The ones who have money separate themselves from other people and do things on their own. They do not trust that people who do not have money can be able to help them."

MamBee and Nozi also narrated how they, even in their vulnerability, could not trust people in their community:

Mambee: "I think this community is divided because they particularly do not agree on many things. For instance, where we are working now, the man who is in charge of the farm will not listen to you; he will only listen to the people who are close to him."

These findings concur with Levi's (1998) assertion that in the case of divergent fundamental interests, for example, in social class; people will be concerned with protecting themselves against what might seem like an unwelcome intrusion.

For some participants, betrayal of trust ranked high as the cause for withdrawing their trust from some relationships. Betrayal of the trust that was thought to be mutually shared was narrated as a deeply hurtful experience, causing feelings of distrust and suspicion.

Jabs: "Before I started sewing on my own, a local NGO wanted people as volunteers so they could teach them how to make clothes. I then went along with the other interested ladies and we were all happy to be given a chance to get sewing skills. Our names were taken down and we were told that we would be called when the project starts. To my surprise, a lot of time passed and nothing happened. I went to the person who was running the project to check. To my surprise, I was told that my name was never on the list and that I cannot join the others to learn. I left disappointed with a very sore heart. I later heard from the others that my name was removed from the list and the name of a relative of the person who was running the project was put in my space. My heart was very sore."

Like other participants who invested their trust and were betrayed, Jabs believed that the project administrator would act in her interest as a result of the presumed good intent (promises of a chance to get skills), capability, and perceived openness (Nahapiet & Ghoshal 1998). The other participant, Nozi, reported a similar incident of betrayal when she worked as a volunteer for a local NGO. She and the other volunteers were reportedly promised monthly stipends as soon as funds from the donors became available. However, as soon as the donor money came through, the NGO administrators assigned it to other things and they were never paid. Nozi shared how such dishonesty and betrayal disillusioned her to the point of resigning from her post, an opportunity that was one of the reasons she woke up in the mornings.

Another story of betrayal believed to have caused distrust as a result of the spirit of ingenuity linked to trust among community members was narrated by Mazembe:

"In one of the business development training sessions, **seda** officials sent by Umnotho advised us as people looking after the children (TTS4), and the other group that also looked after children to register with the DoSS as not-for-profit organisations (NPOs) so that the government can help us with funds. We (TTS4) and the members of the other group were so excited that we finalised arrangements for going to Pretoria together to register. We later realised that on the morning of the day that we agreed on, the leader of the other group just left for Pretoria without even telling us. When we heard about this I went to their place to find out if it really happened and that they had left without us after

we were part of the agreement. I did not get straight answers from any of them. We have not heard from them since and now it looks like we are in competition, and that is not how we were before we got information from **seda**.”

Participants also mentioned money as a perceived cause of distrust among community members. For example, most resignations or people absconding from cooperatives were because members became disillusioned when they did not get paid. Seemingly people expected to see money coming in soon after the registration of micro-enterprises cooperatives. Nozi narrated as follows:

“When it comes to money, you cannot trust people, especially the ones that I was working with to bake cakes. When we started, we agreed on targets but people did not stick by what they promised. After collecting money from selling, things changed. People wanted their share to buy what they needed. It was difficult because after sharing money it was not easy to collect money to buy ingredients to bake. That is why we could not get far.”

The Laundry, Child Care, Sewing and Poultry cooperatives shared concerns that were almost similar.

Mambuso: “Some members in our cooperative group committed by signing the cooperative constitution; however, they did not find it difficult to just stopworking without providing reasons for resigning. When we hold meetings, I would try to share my ideas openly with members, but some members found it difficult to do the same.”

Sendie: “I am disappointed because I expected better results, because we all go to the same church. When we started to work together, we started not trusting each other. We could not even agree on anything...we could not even be on the same page when we discussed issues in our meetings. That is why I left.”

Two participants, Msulwa and Fiks, attribute perceived divisionsand feelings of distrust in the community to a lack of resources. They both believe that the pervasive lack of resources makes people vulnerable and needy, hence the tendency to hoard for themselves and those close to them. Fiks maintains that being vulnerable and always in need has made community members victims of exploitation by the fake “get rich quick” schemes in the past, contributing general distrust

in other development initiatives. Like Portes and Landolt (1996) observed, the pervasive distrust has the potential to isolate social networks which might work at cross-purposes to society's collective interest, replacing productive social capital with bad social capital.

### **5.5.3 Establishing a business in groups is not helpful**

Earlier, the study established that most participants (13) realised that working together collectively helps in mobilising resources in times of need or crisis. However, participants also realised that solidarity only helps them to “get by” the daily shocks (Woolcock & Narayan 1999). It was also an obvious matter that participants' decision to be part of the micro-enterprise development process was greatly influenced by the fact that resources could only be accessible to them as a collective, even if evidence from the developing world demonstrated that merely being a collective does not necessarily lead to economic prosperity (Woolcock & Narayan 1999).

There were, however, some participants (11) who acknowledged that working together is beneficial because of “sharing ideas”, “sharing resources”, “two thinking heads are better than one”, and “looking at things with different eyes”. However, they were also quick to add that working together within small groups was not the same as working collectively as neighbours or church members. Ntombi, for example, shared experiences that challenged her through her two failed attempts to be a member of a cooperative. She narrated as follows:

“In my experience, people in this community are failing to work in groups. I can say it is like, *umuntu mas'bonela* (everybody for himself). I'm not sure (pause) ... all I am saying is that this is not the first time I try to become a member of a cooperative. This (the current Poultry cooperative) is now the third time I try and it has failed. I am disappointed because this time I thought it would work because the other two members that stayed behind when the others left, we go to church together and it's like we are family. At least the other one (Mambuso), we are still fine, but with the other one, it is not nice anymore.”

She continued as follows:

“The people here, I think they are jealous or selfish, because even if you try ... even if you try, it does not take long before we split. With the first one, the lady who put us together was not fair. She wanted us to attend workshops at far-away places and we did not have transport money. The second one, the two ladies in the group were not committed because they had their jobs. They did not attend the meetings with us or help us when things



needed to be done before we could be registered. So it means they did not care much because they got money from their work every month. It is only with this one of yours (Umnotho) that I saw the light because we got registered and even got a certificate to show. We also have a banking account, and we even started paying Umnotho their money back. We could see we were getting somewhere; it is a pity that we could not get far, but hey, I will never work in a group again, never!”

At this point, a review of a debate about the nature of a cooperative discussed in Feng’s (2010) article on *Motivation, coordination and cognition* lends a significant contribution to the findings of this study. This article highlights the notion that, even if the assets and activities of cooperative members are combined and coordinated in a collectively owned entity, its members remain independent in their own right. In addition, Feng sees a cooperative as just an “extension of members”, “entrepreneurial functioning” and a “concerted effort to integrate” (Feng 2010: 2). His most important observation is that this “new economic entity” that emerges as a cooperative association, will only be formed when participants agree to submit to group decision making related to activities being coordinated.

Likewise, other participants felt that when working in groups, people are oftentimes not sincere and seem to always have ulterior motives. This assertion was affirmed by a comment made by Fiks: *“Although it might seem like during crises people work together, it is not the case all the time; sometimes it works, and sometimes it just does not work, the work load is not fairly shared most of the time.”* MamBee shared how she felt:

“Seeing that I am already old and has remained poor and that people are not prepared to cooperate when we work, I think it is better if I continue to work alone by myself. My reason is, we had registered a cooperative *“Shonaphansi”* (the registered name of their vegetable farming cooperative), but what happened? The people you (meaning Umnotho) suggested we join to work with (referring to Klipstapel farm), just took the name on our certificate and started using it without even checking with us first if it is okay to do so.”

#### **5.5.4 Participants’ perceptions about support structures**

The community of Masana seemed to have sufficient “bonding” social capital to handle daily shocks and vulnerabilities; however, as a result of being geographically isolated from outside

informational power and resources, they remained disempowered (Woolcock & Narayan 1999). Narayan (1999) also agrees that such unequal distribution of power and resources contributes to making people in communities powerless and excluded. Participants therefore perceived Umnotho's process of facilitating the development of cooperatively owned micro-enterprises as positive efforts to empower them.

#### **5.5.4.1 “Umnotho has opened our eyes to a lot of things, they wanted to see us prosper”**

Almost all the participants (19) except one perceived Umnotho's efforts as developmental and empowering; Trusty chose to keep her opinions alleging that her religion does not allow people to judge. Talking to participants gave an indication that most had high expectations of positive outcomes from the micro-enterprise development process. Further probing revealed that, as a result of previously successful results of Umnotho's HIV/AIDS prevention, treatment and care programme, participants were expecting similar successes with micro-enterprises that are cooperatively developed.

Although almost all the participants (19) indicated that their involvement in developing their micro-enterprises cooperatively was for subsistence, the process has proven to satisfy other fundamental human needs as mentioned by Max-Neef (1991). Irrespective of coming from different orientations and social class, all participants seemed willing to share ideas cooperatively towards a common purpose. Some participants not only developed their human capital, but also their need to belong, to participate, and to be leisurely creative (Max-Neef 1991). For example, Ntombi felt very proud towards the end of her interview and shared as follows:

“Look how many certificates I already have (pointing at framed certificates mounted on her dining room wall) because of you (meaning Umnotho) by bringing **seda** to us. I am so proud of myself and my knitting business because now I know how to work with money and my customers. When I sell things and make profit, I know which money must go to buying personal things and which money must go back into the business.”

Nokwanda had this to add:

“When doing our door-to-door visits, one can see the difference in people and in their homes, especially of the cooperatives that try to work hard. They are doing well for themselves. I can see that the living conditions in their households have improved a bit;

there is food in the house and they can go to town now and buy things that they need. They also look forward to attending training sessions and I can see how they make extra effort to look good for these meetings.”

The responses from participants show that their decision to participate in the process of developing micro-enterprise was motivated by different reasons. For example, the motivation to develop business skills ranked high (19), followed by livelihood improvement (12). However, one participant (Trusty) admitted to having been part of the process just out of curiosity. Most participants seemed to welcome the micro-enterprise development process as an opportunity to be linked to resources that they otherwise would not have (linking social capital) as well as an opportunity to form working relationships with like-minded people within and between respective groups (bonding and bridging social capital). MamBee, for example, mentioned that she had hoped to cooperate with like-minded people so her planting could be transformed from a small-scale to a large-scale profitable enterprise.

Some participants were motivated by the prospects of bonding with fellow worshippers while doing business:

Ntombi: “We will work even better together because we belong to the same church.”

As mentioned earlier, for most participants, the visible success of Umnotho’s community outreach project seemed to have been the biggest motivation. Participants felt that Umnotho’s presence and involvement in the community gave enough assurance that not just health, but also socioeconomic issues were understood and attended to.

Noma: “When I signed the contract with you (referring to Umnotho’s soft loan contractual agreement), I felt that positive opportunities are finally coming to our community.”

Nozi: “It was motivating to be part of this process of developing businesses because selling things is what my family used to do and we all survived. So, even if our cooperative failed to go forward, I at least got a chance to learn something and I will know how to do business the right way.”

MamBee: “It has been my dream to belong to a group of like-minded people so we can work together. It is a pity that the people I was in a group with did not have the patience to stay strong and work until we saw results.”

Mazembe shared that she was shocked with disbelief when she saw the cooperative registration certificate bearing the name of their child-care business. She had this to share:

*“Kudala ngafisa ku ba nebisimisi esemthetweni, abantu be hlekisa ngam bat thi angifundanga, ngismoshela isikhathi nge zinto zabantu abafundile”* (I have been wishing to own a legal business but people laughed at me saying that such things are for learned people, I am wasting my time).“

Participants reported that although getting into a contractual agreement with Umnotho was welcomed by most as a sign of progress, it also came with feelings of fear and anxiety.

Mafakas: “I felt scared because the rumours were already going around that if we are unable to make repayments of the loan we received from Umnotho, our belongings would be taken.”

Nozi: “It made me feel proud and happy to sign a contract with Umnotho. For me, it was as sign of progress...I felt that I finally owned something.”

Noma: “I was not worried because I understood why I had to sign. I was actually looking forward to progressing because the process seemed to be in the law.”

Ntombi: “It was okay, it was a sign that there was progress in what we were doing, especially because I knew and trusted the person (researcher) that made me sign.”

Mambuso: “Having to sign papers from the offices of **seda** and yours (Umnotho) made me feel important. I really felt like I was dealing with people who knew what they were doing.”

As could be expected, the business development process proved to be an unfamiliar process for most participants, especially those who had to deal with new concepts in literacy and numeracy during business skills training. However, most participants felt that the support they received from Umnotho from the inception of the initiative until the time of collecting data made an otherwise challenging process interesting, eye-opening, rewarding and empowering. For example, Jabs mentioned that as a result, she had decided to enrol for adult basic education and training (ABET)

classes: *“I want to show those two girls (referring to her daughters) that I can stand on my own two feet and run my business,”* she said confidently.

Participants also shared how they appreciated the technical support they received from **seda**. The technical support included the feasibility studies conducted for respective businesses and also registering them with the South African Revenue Services (SARS). At the time of conducting this study, **seda** had facilitated the design and mounting of signage boards for two cooperative micro-enterprises (Laundry and Sewing). Mafakas, Ntombi and Mambuso acknowledged the continued support their cooperatives received from Umnotho, especially in the form of the business turnaround strategies discussed above.

The study established that as follow-up to the business development process, Umnotho convened a meeting with LED officials at the local municipality offices on 4 June 2012, to discuss the status of the proposals submitted to address all the planned TTS micro-enterprises business turn-around strategies. However, the study found that when interviews were collected, LED officials had not communicated any feedback to Umnotho.

Needless to say, participants also shared a number of challenges they had encountered in the process of developing micro-enterprises cooperatively. Challenges mentioned included interpersonal issues between members, no market for products and lack of operating capital. Participants in the cooperatives that still tried to survive (TTS) commended Umnotho for supporting their efforts to salvage what was left of their micro-enterprises through business turn-around strategies.

Mambuso: “Although we received support and managed to get stock (chickens), it did not go too well. We had to sell on credit because people here do not have money. Our profit gets tied up by giving them credit because they take too long to pay us back.”

Responses from the participants of the STO cooperatives also centred around setbacks such as “no market to sell products”, “no working capital”, “low profit margins”, “no vision and shared goals between members” and “general uncooperativeness of members”:

Nozi: “There have been misunderstandings in our group right from the start. People did not come to meetings after promising they would. In meetings where people were

discouraged from the beginning saying they needed money immediately after selling cakes and there's a little profit, they want to spend it to buy food for their families.”

She continued:

“It was actually really embarrassing because we were selling cakes, and cakes are a product that people like a lot. They would demand them and we could not supply because there was no money to buy baking ingredients.”

Participants who went through with the cooperative registration process but never got their businesses off the ground mentioned not having a market for their products (herbal medication) as the main obstacle. The participant, who reported to have joined in the process out of curiosity, said she preferred to develop her business alone.

#### **5.5.4.2 Perceptions about support from the government (local municipal officers)**

More than half of the participants (11) mentioned that public officials in the local government manifested a repeated unresponsiveness and a lack of credible commitment. Participants regarded the pervasive lack of credible commitment on the part of public officials as the main reason why they do not have confidence in the intentions of the government to support their cooperative development process. Levi (1998) maintains that a government that can be trusted by its citizens should be capable of making credible commitments as well as policy implementation that is responsible and fair. Most participants voiced concerns about unresponsiveness on the part of the government's officials, for example, Ntombi had the following to share:

“When we started with our small businesses after registration, we approached the municipality and asked them to allow us to use the empty old building by the driving school. The man (a public official) said the building needed to be renovated first, he will let us know. Nothing happened thereafter. I went to check and I found a different person who did not know anything about our request. I then said if they just said ‘yes’ we would have renovated it ourselves. The man said he would discuss it with the other officials but still nothing happened. I am not sure if the government wants to help us because I even sent an application in writing and nobody replied to it.”

Corruption and nepotism ranked high as other causes of incompetence in the local government. Gobi, for example, complained as follows:

“Our municipality does not think for all people; it thinks for this half (meaning people closely related to public officials) and not the other half (meaning herself and the community).”

Needless to say, a lack of credibility and transparency on the part of government officials equalled poor governance (Vermaak 2006), and the consequent distrust on the part of the participants. Reported poor governance added to the inability of the local government to offer an institutional system on which generalized trust could be based (Rubbers 2009). As a result, the participants view government officials as untrustworthy, disinterested and incompetent:

Gobi: “We know how they operate, they know that they always want ‘something’ from you first but they will not tell you straight. You will see when they start sending you from this one to that one that you must give them *‘itjotjo’* (bribe), only then will they listen.”

Mazembe: “If I have to tell the truth, honestly, this government does not care for us. But wait; there are people that they care for. Let me tell you, we have been going up and down to those (municipal) offices asking for that empty site at the corner to put a one-room up for the children, look how cramped this place looks. All what they said was that we should wait. When you go to check (follow up), this one sends you to this one, and that one sends you to the other one ... you will never get a straight answer. The last answer was that the site we had applied for was already booked by some people to build a church. One becomes a laughing stock in the community because you know what? It (the site) was not booked by the church people; somebody, one of their friends, is planting there right now. Now where have you seen planting happening in between houses when there are open fields *leekudeni nabantu?* (out there far from where people reside?). I have come to realise that, if you are not one of them, you are just wasting your time asking for things.”

While social capital is seen by several theorists and writers as fundamentally heart-warming networks of social connections, narrations like Mazembe’s confirm that assumptions that social capital is always positive are problematic (Paxton 1999). Narrations like these echo uses of social capital that explain such cold realities of social inequality (Bourdieu 1986). Basically, the given narration reflects the flip side of saying that social capital is “not what you know, it is who you know” – another way of saying that social capital can be a tool that is used to ensure that some circles are not penetrated by those who are considered outsiders.

Participants openly expressed their disappointment about the government’s failure to deliver basic services and being so unsupportive. There were, however, several positive comments from some

participants (7), acknowledging the houses and roads built locally to benefit the community through the government's Reconstruction and Development Programme (RDP). What was interesting to note was that the same participants also felt that the local government was failing to give them support. This is how Fikile put it: *"Our municipality is dragging its feet to support us with our businesses."* She lamented further:

"Our municipality is moving very slowly with development. Well, people will always tell you about the RDP houses and the roads the government built for them but, have you looked? The progress and standard is not the same as in other areas."

Only two participants made reference to the assistance they received from the different government departments such as the DTI (**seda**), DoA, DoSS and LED following linkages made by Umnotho. The other participants felt that they could not have accessed services from **seda** if Umnotho did not make the necessary efforts to make the linkage. Participants do realise that **seda** is a government agency; however, they emphatically put forward that had it not been for Umnotho's linking efforts, they would not have benefited from these services.

Finally, the study established that the local municipality of Masana did not have the capacity to create conditions that would underpin effective governance for economic development. Although Umnotho's wealth creation strategy laid the foundation for socioeconomic development through developing micro-enterprises cooperatives, it depended on the capacity of the state-society relations to sustain it (Putman 1993).

## 5.6 Conclusion

The study has established that participants' experiences and perceptions of the process of developing the micro-enterprising cooperatives cooperatively have been marked by excitement, challenge, hardship, uncertainty and disillusionment. While some have experienced positive aspects that brought glimmers of hope, it seems that the overall experience has been challenging and in most instances disappointing, especially due to the absence of the expected trust and sustained support. In addition, participants' perceptions of what constituted support from structures and peers, and also their own aspirations in improving their livelihoods, seem to have contributed to making this process a highly challenging one.



The discussion of these findings follows in the next chapter.

## CHAPTER SIX

### DISCUSSION AND CONCLUSION

#### 6.1 Introduction

The purpose of this chapter is to discuss the key findings from the preceding results section and interpret them. The overall purpose of the study was to explore the extent to which the structure of social relations within and between networks influenced the process of developing micro-enterprises (hereafter referred to as cooperatives) for socioeconomic development. Through reflecting on the content of the theoretical perspectives of social capital, particularly those espoused by Bourdieu (1986), Coleman (1988) and Putman (1993), the discussion focuses on networks and trust as the two components of social capital that relate more to cooperation and coordinated activities.

Firstly, the positive and negative experiences of participants are discussed to highlight how the concept of social capital in its different types, namely bonding, bridging and linking social capital, relates to trust as a key component in its relational dimension (Fu 2004). The discussion also draws attention to how the Umnotho-**seda** (small enterprise development agency) partnership leveraged indigenous social capital found in relationships within and between social networks in Masana, in the process of developing cooperatives. Secondly, the chapter shares the recommendations meant to improve on the limitations that might have resulted from how the study was constituted and conducted. Lastly, the chapter concludes with suggestions that emphasise the importance of future research in understanding and improving the applicability of leveraging social capital in a bid to promote cooperation to coordinate community development initiatives.

#### 6.2 Discussion of participants' experiences and perceptions

The findings generated by this study established that the participants experienced the different types of social capital within and between social networks as both functional and dysfunctional. For example, whereas social capital had been instrumental in mobilising cooperative activities within and between networks, this study has established that participants in the cooperatives under study had found it (social capital) to be dysfunctional as well. The experiences and perceptions shared by participants who belonged to the three categories of cooperatives that had tried to survive (TTS), those that had stopped to operate (STO), as well as those that had never

operated (NO) shared personal positive and negative experiences of the functional and dysfunctional social capital. The discussion also highlights how the positive and resourceful relationships in the former and the negative exclusive relationships symbolised by challenges, hardships and disillusionment in the latter had an influence on the outcome of the cooperative development process.

### **6.2.1 Social capital as resourceful relationships**

The responses obtained from several participants confirmed that people in the community of Masana cooperated deliberately in productive ways to overcome daily shocks and vulnerabilities. In addition, the interviewed participants showed that they were able to use direct connections to generate social capital despite their socioeconomic restrictions alluded to in Chapter 2. Cited examples include resourceful relationships within families (parent-child) and between neighbours (self-help and support groups and fellow worshipping) that matter in the community of Masana. The study findings that illustrate the resourcefulness of such relationships include bonding social capital between parent and child that facilitated the income generating initiatives (economic development) that preceded the cooperative development of (TTS1 Laundry, TTS2 Sewing, TTS4 Child-Care and STO1 Bakerycooperatives). According to Salajegheh and Pirmoradi (2013), activation of such informal networks could bring many advantages and a flow of benefits to participants. The study also established that the resolve taken by most participants to develop their enterprises cooperatively with others was influenced by the fact that they were family, friends, neighbours or fellow worshippers (TTS2 Poultry, STO2 Catering and NO1 Traditional Healers).

The responses from participants and evidence from field-work observations have shown that the community of Masana interacted collectively in resourceful ways in mitigation of daily socioeconomic challenges, similar to Bourdieu's (1986) definition of social capital as the sum of actual or virtual resources that accrue within relationships of mutual acquaintance and recognition. Almost all the participants in the study have used their relationships within families and beyond as safety nets for their physical, emotional and spiritual needs, hence Umnotho's decision to leverage the indigenously produced social capital to facilitate the cooperative development of enterprises.

The functional social capital found in interactions within societal networks which provided for various fundamental needs in families, has been instrumental in cultivating goodwill beyond family

ties through reciprocal activities of friends and neighbours, and was also a source of support for congregants across different religious institutions (Smith 2000-2009). The study also found that, similar to the findings of the study conducted by Du Toit and Neves (2009a) on “*Informal social protection in post-apartheid migrant networks...in the Eastern and Western Cape. South Africa*”, participants in this study benefited from social capital (reciprocated activities and trust) found in their immediate and extended families. For example, participants in subsection 5.4.1 report that they relied on remittances from children who had left home (Makhosi, MamBee, Mazembe and Sendie) and they seemingly reciprocated by taking care of grandchildren in their immediate and extended families (Makhosi, Mafakas and Mambuso).

The study also found that the different kinds of people regarded as vulnerable, marginalised and powerless obtained value from the broader view of social capital as theorised by Coleman (1988). What is implied here includes the reciprocal activities that participants enjoyed within networks of friends and neighbours in several ways. In such instances, social capital was based on future obligations and expectations regarding shared resources. Firstly, reciprocal activities in families ensured that participants’ needs of protection, subsistence and sense of belonging and security (parent-child partnerships and remittances from family members) were met. Secondly, reciprocal activities beyond the family ensured that participants received support from burial societies as well as from support and self-help groups such as people with HIV and AIDS (PLWHA), *stokvels* and *zama-zama*. Participants who were members of such networks enjoy shared material and non-material resources such as finances, support and information. Lastly and relevant to this study, Umnotho leveraged bonding social capital within and between networks to facilitate the mobilisation of participants into developing enterprises cooperatively.

Other communal activities of a reciprocal nature that produced and maintained social capital reported by participants were similar to what Putman (1993) considers as a public good. Such activities include sharing and mutual consideration to meet survival needs, assistance and support during cultural events such as preparing for *lobola* and weddings, as well as observed voluntary behaviour and spontaneous assistance towards each other at the Umnotho clinic, the wealth creation workshop (WCW) and subsequent business development training sessions. Interestingly, the study found that reciprocal acts mostly happen when a favour is returned. A case in point is the way Malume and other congregants reciprocated the kind offer shown to them by the school (subsection 5.5.1); as a result, they did not find it difficult to waive the costs of maintenance jobs they did at the school in order to return the favour.

The study has established (subsection 5.4.3) that the different churches were not only a source of moral and spiritual values, but also served as distribution points of social capital that provided participants with safety nets against shocks and vulnerabilities. The resourcefulness of establishing and nurturing such relationships benefited the young and the older participants who claimed to have enjoyed spiritual fulfilment and guidance as well as emotional and material support (Mafakas, Sendie, Msulwa and MamBee). Additionally, some of these relationships became instrumental in motivating and encouraging participants to work cooperatively in developing their cooperatives. To illustrate, some cooperative members such as Mantombi, Sendie and Mambuso (TTS3), were confident and optimistic that their cooperative would venture successfully as fellow worshippers. Such convictions held by participants are indicative of the role and influence religion has on building trust and on regulating social interactions.

The other evidence gathered from the findings showed that bonding social capital could be dysfunctional and unproductive, as argued by Bourdieu(1986). For example, some participants reported having experienced the cold realities of the dark side of social capital suggested by Putman (1993). Putman (1993) argues that, while strong relationships resulting from high levels of social capital benefit members by having a strong sense of group norms within a network, it may easily be exclusive to non-members. Narrations shared by participants (subsection 5.4.2 above) signify how powerless they felt each time they felt excluded from networks of the “well off” in the community (Noma) and the “well informed and connected” (Mafakas, Gobi and Jabs). Hence, social capital cannot always be seen as heart-warming networks of connections, but also as a tool that may create dysfunctional social capital by ensuring that “non-members” do not benefit.

Although the evidence of pooled resources used by participants suggested abundant social capital at grassroots level, it (social capital) seemed to be confined to relationships of family, friends, and fellow-worshippers as well as work colleagues. It is therefore not unreasonable to suggest that the use for such social capital by community developers is potentially to mobilise for cooperation and coordinated activities in small groups as seen in the process of developing cooperatives.

The study also established that, generally, participants had mixed feelings about unwritten rules of shared norms of reciprocity and trust. For example, most participants’ responses indicated that,

although they mostly found themselves having little choice other than to rely on each other within and between their networks, they were also cognisant of the risk of trusting blindly. Perhaps this opinion is informed by Bourdieu's notion of social capital: that social interactions merely resemble people actively "playing the game" that ultimately leave them powerless (Gauntlett 2011).

### **6.2.2 Formalising social relations by registering cooperatives**

The theoretical perspectives on social capital, as discussed in Chapter 3, regard networks as an important source of social capital. Therefore, by initiating and registering cooperatives, the Umnotho-**sedap** partnership not only formalised the already existing relationships within and between social networks; the process also meant to create more opportunities for bonding and bridging social capital. Similarly, the Umnotho-**seda** sponsored business skills training and development workshops that followed were also instrumental in creating more opportunities for participants to interact and know each other (social knowledge), thereby nurturing bonding and bridging social capital.

The study findings also revealed that the process of formalising social relations by registering cooperatives was a way of bridging social capital by bringing people who, even though they already knew each other, were not necessarily in close relationships. According to Putman (1993), bridging social capital potentially brings people who did not know each other well previously together, so that norms of reciprocity could be fostered and improved. It can therefore be stated that bridging social capital had benefited participants before and during the cooperative development process when they gained access to new knowledge or gained powerful allies (e.g. sharing of information and ideas at Umnotho clinic's support groups, while waiting for consultations, during the WCW, and also during subsequent business development workshops).

Portes and Sensenbrenner's (1993: 1321) theory that economic action is embedded in social relations, relates more to the TTS1 Laundry, TTS2 Sewing, TTS4 Child-care and STO1 Bakery as well as the TTS3 Poultry, STO2 Catering and NO1 cooperatives. It follows that the close horizontal ties of family members, friends and work colleagues were instrumental in fostering norms of trust and reciprocity. However, although the first two categories of cooperatives (TTS and STO) started off by enjoying strong ties within their networks, high bonding among some members resulted in factions (subsection 5.5.2). Seemingly, the reported resignations and absconding from TTS and STO cooperative members resulted from such tensions and distrust.

Although the findings generated by this study state that developing cooperatives was a way of mitigating the limitations imposed on participants by the socioeconomic conditions in Masana, the process was not without challenges. Firstly, the study also found that some participants simply did not have the social and economic capacity to initiate and sustain the cooperatively registered enterprises. Subsequently, Umnotho stepped in by organising soft loans to assist the already operating cooperatives with start-up capital and equipment. The reports that participants in other cooperatives perceived Umnotho's unintentional allocation of resources as an unequal and biased distribution of resources have caused distrust and tensions were unfortunate.

The level of distrust was also aggravated by the delivery of business equipment at specific homes of participants who had income generating activities prior to the cooperatives (industrial washing machine at TTS1, sewing machine at TTS2 and live chickens at TTS3). Seemingly, the perceived unfair advantage and undue accumulation of status by displaying material wealth (Glaeser, Laibson & Sarcedote 2002) resulted in negative feelings; this might explain why other members left the cooperatives, and some cooperatives stopped operating.

Secondly, as the cooperative development process unfolded, it was clear that some cooperative members were challenged by unfamiliar new concepts in literacy and numeracy. Such challenges might have caused such feelings of aggravation and disillusionment that it caused members to leave their respective cooperatives or to stop operating. As a result of such challenges, some cooperatives struggled to comply with certain rules, for instance the monthly reporting as one of the conditions of the loan agreement between cooperatives and Umnotho.

Thirdly, given the socioeconomic conditions in Masana, as mentioned in Chapter 2, the study found that some participants had unmet fundamental human needs, particularly of subsistence. According to Shelton (2016), unmet or irregularly met basic needs create a sense of uncertainty, urgency or vulnerability in people. Accordingly, the study found that most members who resigned from respective cooperatives considered reinvesting their resources (time, effort and money) as problematic, since they had envisaged immediate gratification from the profit made from sales, as discussed in subsection 5.5.2 of the preceding chapter. Nozi, a participant who belonged to STO1, narrated that even though members had agreed on long-term financial targets, members "changed" when they saw the profit made from their first sales and demanded that the money be split so they could get their share, to buy what their families needed. Mama, the founder member of this cooperative, mentioned that she could not be expected to wait for her share; she needed

money to pay for a doctor's consultation. Needless to say, the reported sharing of the money jeopardised working capital and going forward as a cooperative became difficult as a result, turning relationships within the cooperative sour.

Lastly, although the social capital discussion thus far is skewed towards positive economic outcomes, the results generated by this study suggested that the cooperative development process seemed to fail to show positive outcomes. For example, although the development of cooperatives intended to make cooperatively developed enterprises profitable, conditions such as limited markets stunted the projected growth. The business development progression of the TTS and STO cooperatives serves as an example in this regard. For example, Makhosi of a cooperative that had never operated (NO) cited limited markets as the number one reason that discouraged their cooperative from even starting to operate. Other misgivings that challenged the cooperative process cited by participants include distrust resulting from false impressions created by stakeholders such as the LED but which later turned out to be empty promises.

It can be stated that formalising relationships into cooperatives used social capital to find, to use and to combine the knowledge and experience of people inside (brainstorming of business ideas by participants at the WCW) and outside (material and non-material assistance from the Umnotho-**sedap** partnership). Furthermore, Umnotho hoped to create norms of reciprocity and trust that would hold relationships in networks together as a management tool to achieve the socioeconomic goals in the community of Masana more effectively and with less cost. However, the study findings revealed that the empowerment that resulted from the cooperative development process through business skills training benefited participants. Albeit not in the same way, other participants managed to develop their human capital, for example by amassing certificates, while other participants acquired the much needed skills to develop their businesses and by being recognised as achievers.

### **6.2.3 Participants' perceptions on working cooperatively**

The study established that before the process of developing cooperatives was initiated in Masana, the norms of reciprocity and obligations stood out as the main features of social capital that facilitated cooperation and coordinated activities among participants. Such acts of reciprocity and mutual consideration being fostered by participants to meet the needs of survival and subsistence (subsection 6.2.1) demonstrated a variety of social interactions that participants had deliberately coordinated in productive ways to overcome daily shocks and vulnerabilities. The responses



elicited from participants clearly showed that they were able to use their existing social resources to generate social capital despite the socioeconomic restrictions alluded to in Chapter 2 (e.g. visiting and caring for orphaned children and the very old and sick by MamBee and Trusty). Other examples included voluntary behaviour observed as spontaneous assistance towards each other among participants at the Umnotho clinic, the WCW and the business skills development sessions that followed.

The study also found a wide range of circumstances where participants developed cooperation by drawing on existing forms of networks of family and beyond. Collective action, as mentioned in subsection 6.2.1, had been identified by participants who sacrificed self-interest and chose to stick with the group even through difficulties, to ensure group welfare and loyalty. However, although most of the participants agreed that working together proved to benefit members by mobilising and pooling resources together, some participants had mixed views regarding working collectively. Participants also pointed out that where money was involved, working as a collective had never been a good idea. The study further established that, prior to establishing cooperatives, participants' willingness to help one another thrived on informal instances of reciprocated mix of favours and the commitment that came with it. Some such informal instances of self-help groups such as burial societies and *stokvels* were based on a clear understanding of members' obligations, what they were entitled to and what they were expected to do in return.

The above translates to resourceful collective norms of reciprocity that result in altruistic outcomes, as discussed in subsection 3.5.3, as well as mutual support among people facing a similar situation (bounded solidarity) that fuel social trust within and between social networks (Portes & Sensenbrenner 1993). Participants apparently believed in and shared such values as they worked together for a common purpose.

However, the study has established that as the cooperative development process unfolded, trust seemed not only to be the basis of functional social capital but also to determine the sustained progression of cooperatives. For example, when the cooperative development process was initiated, stakeholders (cooperative members, Umnotho, **seda** officials, officials from the local government's economic, agriculture, social services departments) in predicting outcomes trusted that all involved were encouraged to commit to what they engaged to do (Rubbers 2009).

The complexities of aggregation explained by Glaeser et al. (2002) shed some light on what participants shared about the effectiveness or ineffectiveness of working collectively. For example, Glaeser et al. (2002) posit that, what determines social capital at individual level may not necessarily be the case at group or community level. Likewise, the study findings revealed that even if members of respective cooperatives opted for collective action, they retained their independent thoughts and motivations, hence the difference in what inspired participation. For some cooperative members the need to grow profitable businesses was the greatest (Nozi, Mafakas, Mambuso and Msulwa), some looked forward to working with like-minded people (MamBee and Mantombi), while others confessed that their participation was just out of curiosity (Trusty). As Putman's (1993) rationale summed it up nicely: even though social capital is defined by networks, a decision to invest in networks still rests with the individual actors. This approach involved taking a risk (Rubbers 2009), participants needed mutual trust to fill the gap between what was known and the expected commitment (Rubbers 2009).

#### **6.2.3.1 Cooperation and trust**

Regarding the relational dimension of social capital, as discussed in subsection 6.2.1 above, the study has established that trust is the most important value that generates and maintains social capital. Coleman's (1988) view that a system of mutual trust on which future obligations and expectations are based is an important form of social capital, also suggests that trust and social capital are mutually reinforcing. The findings generated by this study also reveal that participants' cooperative interactions were based on generalised trust that was informed by the known societal beliefs and norms of trust and reciprocity. For example, participants' responses such as, "When somebody dies in this community, we are all affected" (Sendie in subsection 5.5.1) imply that participants had relied on generalised trust and that family and neighbours would offer the expected support when needed (e.g. when death strikes).

It seemed that participants were informed by this generalised trust in the norms of reciprocity in their cooperative interactions, trusting that others would also reciprocate in a mutually beneficial manner. However, the study established that, as the cooperative development process unfolded, some participants withdrew their trust. The findings generated by the study reveal that participants developed distrust or withdrew their trust as a result of past experiences of insincere relationships and false intentions (Ntombi, Mafakas, Jabs, Nozi, and Mazembe), power struggles (Noma, Gobi and MamBee) in subsection 5.5.2, real and perceived unequal distribution of resources (Umnotho's start-up capital in subsection 5.2.1.3), and poor governance in subsection 5.5.4.2.

As pointed out by Fu (2004), the findings of this study have revealed that the participants perceived the act of trusting as taking a risk. Even though participants were aware that their interactions between those who trusted and those who were trusted would have positive or negative effects, both sides engaged in sharing ideas, contractual agreements and investing material and non-material resources in the cooperative development process. According to Paxton (2007), when assessing trustworthiness in generalised others, having fewer resources makes it riskier to trust others. Therefore, given the disadvantaged socioeconomic position of the participants, their decreased sense of relying on others does not seem unreasonable (Paxton 2007).

#### **6.2.4 People in this community cannot be trusted**

The discussion thus far has established that trust in Masana was a socially constructed concept that was based on shared norms and beliefs about society in general. The findings of this study also established that most participants had resorted to working together to solve collective problems (subsection 5.5.2) and that they had used their social relations within and between networks to achieve common goals (subsection 6.2.1). However, participants' responses to the question, *"Would you say that most people in this community could be trusted?"* revealed the significance of the concept of "trust" in others meeting the expected obligations. Participants' responses demonstrated that they did not only have to know each other, they also had to trust that they would not be exploited, betrayed or discriminated against as they cooperated with others.

As a result of the general trust participants held about the possibility of reciprocated activities, participants could easily engage in reciprocated activities within the familiar and stable relationships in networks of family and friends. It seemed that such relationships relieved participants from the uncertainty and anxiety of others not meeting the expected obligations. Similarly, the study found that participants were prepared to engage in collective action outside the familiarity of close networks for altruistic and solidarity reasons.

The social capital observed among participants might have given a false impression of positive effects in promoting cooperation through initiating development strategies; however, the progression of the cooperative development process exposed that trust and context are inextricably linked (Fu 2004). For example, the study found that the experiences of participants in

different contexts within and between networks (family, friends, neighbourhood and fellowship groups as well as the local municipality) were influenced by how they perceived the level of trust.

However, participants' trust when cooperatives were formed was probably informed by how Levi (1998) theorises the concept of *trust*, the belief that the one who is trusted would have an incentive to do what he or she engages to do. In such instances, trust presents a set of socially learned and confirmed expectations that people have for each other and that form the fundamental understandings of their lives (Paxton 2007). This presumption is also in line with how Paxton unpacks trust, namely, participants in respective cooperatives trusted that all involved would act in one another's interest. However, the study established that, as the cooperative development process unfolded, the acts of betrayal, exploitation and exclusion experienced by participants compromised the trust held and the motivation and incentive to stay engaged.

## **6.3 Participants' perceptions about support structures**

### **6.3.1 The state-society supportive relations**

The literature on social capital alleges that any state can facilitate cooperation among its people for positive socioeconomic outcomes by generating and contributing to social capital by for example, simply protecting the fundamental needs of the minority (Levi 1998; Woolcock 1998). Contrarily, Gomulia (2006) argues that the state cannot only stay complacent by providing social services; it (the state) also has an important role in creating an enabling and supportive environment for economic development through good governance and through policy intervention. The narratives shared by participants in subsection 5.5.4.2 portray the state (local municipality) as destroying rather than promoting social capital. For instance, participants expressed their disappointment and disillusionment at the local municipality's failure in delivering basic services. Participants feel that the government (local municipality) use the provision of substandard RDP (Reconstruction and Development Programme) houses at the expense of other fundamental needs to camouflage poor governance on their part, as Fiks lamented, "*Our municipality is dragging its feet to support us with our businesses.*"

On the whole, the study has established that participants perceived incidents of poor governance such as municipal officers' unresponsiveness to requests, a lack of credible commitment to follow through, and corruption and nepotism as having compromised the efforts of developing cooperatives. The participants who acknowledged the government's assistance they received

through the Departments of Trade and Industry (**seda**), Agriculture, Social Development and the Local Economic Development following linkages made it clear that had it not been for Umnotho's initiative, accessing such resources would not have happened.

### **6.3.2 Umnotho**

This study found that although the associational life in the community of Masana provided sufficient bonding and bridging social capital to handle daily shocks and vulnerabilities, it lacked linking social capital to access resources and information to have a meaningful response to poverty. It was for this reason that Umnotho employed the PPM model to initiate the cooperative development process as a way of linking the community of Masana with stakeholders who also had a responsibility in developing the community.

The community members sampled in this study were accurate in their agreement about the support they received from Umnotho from inception of the cooperative development process until the time of collecting data. Sentiments such as "Umnotho has opened our eyes to a lot of things, they wanted to see us prosper" were shared by participants as they lauded Umnotho's efforts to develop Masana. There was, however, a possibility of bias in participants' expectations of positive outcomes of the development process as a result of Umnotho's current successes with the HIV/AIDS prevention, treatment and care project.

In addition, over and above pursuing subsistence as one of Max-Neef's (2009) endorsed fundamental human needs, as discussed in section 1.5, the study established that the cooperative development experience proved to have other fundamental human needs such as participating in creative development. For example, during the brainstorming sessions of the WCW, participants also experienced a sense of belonging as they interacted within and between cooperatives during subsequent business training workshops.

The cooperative development process also contributed positively to human capital as participants acknowledged the newly acquired abilities and skills in business development, financial management and personal development (subsection 5.5.4.1). For instance, the fact that the business skills training challenged some participants as a result of new concepts in literacy and numeracy became motivational; at the time of conducting this study, one participant (Jabs) had enrolled for the adult basic education (ABET) course to acquire basic literacy and numeracy skills.

#### **6.4 Limitations of the study**

One of the limitations of this study was the way the sample was constituted. Although the purposive selection of participants made sense at the time, in hindsight, a purposefully selected sample from a population of 73 community members who registered with **seda** to become cooperative members might have caused some bias in the findings. Added to this is the fact that some of the participants that were included in the sample had previously benefited from Umnotho's comprehensive HIV/AIDS programme and might have chosen not to question or to object to Umnotho's way of doing things. Lastly, the fact that the cooperative development process was initiated and overseen by Umnotho's development facilitator and community outreach workers (OWs) might also have biased the findings of the study.

The sample was also relatively homogenous because participants who kept in contact with Umnotho's development facilitator were already engaged in small income generating activities and belonged to the same networks in the neighbourhood. A heterogeneous sample might have shared broader perspectives on why cooperatives tried to survive, stopped to operate or never operated. Therefore, even if the intention of the study was not interested in generalising the findings, the conclusion that cooperative development is hindered by social capital might not be applicable to other communities.

#### **6.5 Recommendations**

Firstly, community development efforts should be planned to consider context-specific relations of social capital, given the considerable variations and different manifestations of social capital this study has shown. In addition, the study has found that the social capital espoused mostly by Bourdieu, Coleman and Putman does not apply neatly across communities of the world because, even if a community has similar life experiences and needs, the determinants of the bonding, bridging and linking social capital remain unique.

Secondly, even though social capital is lauded for facilitating better access to resources for economic success in both theoretical and applied social sciences, it is recommended that policy makers for development should keep some of its flaws in mind, such as using the language that is more familiar to discussions on economics rather than on networks of people (McOrmond & Babb 2005).

Thirdly, the reported dynamics of relationships found within and between the social networks in this study suggest that community developers should take cognisance of the fact that communities having similar life experience are not necessarily homogenous and should not be treated as such. It is therefore necessary to rethink social capital in terms of the context-specific social processes at play. For example, the findings of the study highlighted that Umnotho's PPM model relied on social capital as the only means of promoting cooperation. The interrelatedness of other kinds of capital is therefore recommended for development efforts given that there were power struggles in some cooperatives as a result of members who experienced deficiencies of other capitals.

Last but not least, in view of the tendency to emphasise the functional and positive outcomes of bonding social capital, the recommendation is that the negative outcomes of the dysfunctional bonding social capital be considered, so that plans are put in place to pre-empt and mitigate such potential outcomes. There is therefore an urgent need to develop policies to strengthen social capital especially in government departments, to ensure that social capital is used to enhance and not to sabotage development interventions. Effective policies which encourage social capital on a broad scale will also encourage better relations between the society and the state.

To better understand social capital as an enabling resource in development initiatives like cooperative development of micro-enterprises, a broadening of the social capital theoretical paradigm is needed. This implies rethinking the usefulness of social capital in terms of the social processes at hand. For example, Umnotho's PPM model sought to draw from the resourcefulness of the social capital inherent in societal networks, but overlooked the impact of linking social capital that could have been provided by the synergy from the state. Therefore, the resourceful qualities of social capital should be rediscovered to develop and enhance the state-society supportive relationship.

## **6.6 Recommendations for future research**

Firstly, there is a need for social researchers to continue conducting empirical research to ascertain the factors that promote or frustrate cooperatively developed initiatives. However, given the different appearances of social capital in communities across the world, it becomes necessary that researchers develop context-specific studies when investigating social capital. For example,

a study such as “*A re-conceptualisation of the concept of social capital: A study of resources for need satisfaction among agricultural producers in Vhembe, Limpopo*” conducted by Vermaak (2006) shows the need to collect more data on the multiple dimensions of social capital in development. In addition, researchers need to investigate how other kinds of capital (human, economic and physical) impact on the social cohesiveness harnessed by indigenous social capital.

Secondly, researchers should determine the factors that may influence government officials’ attitudes towards projects initiated by community developers from the private sectors like the mining house and Umnotho. Thirdly, if better use could be made of the indigenous social capital, policies to strengthen and to commit to social capital urgently need to be developed at regional and national levels to encourage better trusting relations between communities and the State. Research should be conducted whereby community members can be allowed to be decision makers in matters that affect their day-to-day experiences such as ensuring the sustainability of intervention programmes meant for their development.

Finally, it has been evident from the findings of this study that social capital remains an elusive concept, as also pointed out by Vermaak (2006). Therefore, possible themes in this study that stood out as under-researched, namely the role of churches and working together while not trusting each other, need to be further researched.

## **6.7 Conclusion**

Satisfaction of human needs remains a fundamental human right (Max-Neef 1991) requiring sustainable development strategies that will keep households socioeconomically strengthened. This study provided evidence that such strategies require competence and understanding from the development community. Therefore, it is not sufficient to only leverage the indigenous social capital for community development initiatives; development efforts should create opportunities to mobilise and maintain social capital at the local, regional and national levels. Furthermore, as this study provided evidence that social capital alone is not enough to be relied on to produce sustainable results, it (social capital) needs to be complemented with other types of capital (human, economic and cultural) to be sustainable.



In conclusion, throughout the cooperative development process, the experiences and perceptions of the participants were marked by excitement, challenges, hardships, uncertainty and disillusionment. However, the overall experience brought glimmers of hope that could have, with the right support from all stakeholders, resulted in the long awaited positive and sustainable changes in the lives of people in the community of Masana.

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## ANNEXURES

### ANNEXURE A: Participant's letter of consent

#### LETTER OF CONSENT

20 March 2012

Dear Participant

I am studying to obtain a degree in Sociology at the University of South Africa (UNISA), which involves how people live and work together in communities. The University requires me to report on the findings of my observation of how you live and work together in this community as part of my studies.

My supervisor while I conduct this study will be Professor D. Gelderblom, and he can be contacted at the University on 012 429 6486 during office hours, should you wish to know more about this study.

The topic of my study is on the process of developing cooperative micro-enterprises to reduce poverty in this community. My study will be focusing on how working together in this community as friends, family and groups has influenced or interfered with the processes of establishing these enterprising cooperatives. The reason that I have requested you to take part in this study is because you have been involved in this process since Umnotho introduced the "Wealth creation" process in 2008 and that you are a member of a cooperative that was formed and registered to operate in 2009.

Please note that you can take part in this study of your own free will; you will not be forced. Your name and identity will not be made known to other people. We will go over what is written in this letter before we start with the interview just to make sure that you are still comfortable to be part of this study. A copy of this letter will be given to you to keep.

I will be asking you a few questions lasting for about an hour and with your permission, your answers will be put on a tape recorder so I do not miss anything you shared with me. The tapes will be kept safe and only my supervisor and I will be allowed to listen to them. I will destroy the tapes when the study is completed.

Please sign on the line below if you agree to the conditions in this letter and to be recorded on tape.

Thank you for taking the time to read and consider this request.

Yours faithfully

Tshegofatso Manthata (082 927 9534).

Student no: 5486017.

.....  
I, \_\_\_\_\_ (Name and Surname), hereby confirm that I have read and understood the contents of this letter and thus give my permission to be included in this study.

Signed \_\_\_\_\_

Date \_\_\_\_\_



## ANNEXURE B: The questionnaire

### THE QUESTIONNAIRE

#### Interview schedule of questions

The research question

1. "To what extent does the structure of social relations and networks affect the process/success of the micro-enterprise development as an economic activity?"
2. Background to the structure of the interview questions
3. The content and structure of the questions will be informed by the communitarian, networks and institutional views of social capital as discussed in Woolcock and Narayan (1996).

The questions on the communitarian view will dwell on the level of participation in the local community by asking for views about the local area and civic participation. Questions on networks and institutions will be on intra- (bonding) and inter- (bridging) relationships, and will be probing at levels of trust, support, pro-activity and reciprocity as in Green and Fletcher (2003).

There will be a set of questions to establish the characteristics of the sample on

- Demographic background
- Educational background, and
- Socioeconomic status.

#### Questions

Participant's details

- Physical address \_\_\_\_\_
- First name \_\_\_\_\_
- Last name \_\_\_\_\_
- Gender \_\_\_\_\_
- Age \_\_\_\_\_

- Marital status

☐ Single/Never married

☐ Married

☐ Divorced

☐ Widowed

- Employment status:

Employed ☐

Unemployed ☐

- Educational status

- ☐ Primary
- ☐ Secondary
- ☐ Tertiary
- ☐ None

How long have you stayed in this address \_\_\_\_\_

Building style of the house

- Formal
- Informal

Relationship of people staying in the house

- Spouse
- Children
- Sisters
- Brothers
- Relatives

Are you having people staying in the same yard?

- Tenants
- Relatives

What is the average household income per month?

Who would you readily approach if you needed assistance/help and why?

- Own family members
- Relatives
- Friends
- Neighbours
- The church

For what type (health, financial, emotional etc.) of assistance would you go to the following people and why?

- Family
- Friends
- Neighbours
- Church members
- Community structures

What church do you belong to?

Is there any specific reason why you became a member of this church?

Do you think this church is particularly helpful to its members?

- If yes, why is that so?
- If no, what would your reasons be?

Would you say people in this area do things together and try to help one another or do they mostly do things on their own in solving problems?

- If yes, please elaborate
- If no, please elaborate

What local community organisation or events were you involved in before attending UMNOTHO's "Wealth Creation" event?

Do you think that organisations like UMNOTHO are mostly looking out after their own interests when they try to be helpful? Please substantiate your response.

Would you say the government structures/municipality is committed in helping members of this community? Please substantiate your response.

Have you voluntarily joined any local group to help with a crisis in your community before?

- If yes, in what way?
- If no, what discouraged you not to?

Would you say that most people in your community can be trusted or, have you always been careful when dealing with them?

- If yes, why would you say that?
- If no, why would you say that?

What motivated you to respond positively to the “Wealth Creation Workshop” invitation and attendance?

- Personal reasons
- Influenced by a friend
- Influenced by a relative

Were the reasons for signing up as a member of a specific cooperative influenced by

- Friendship
- Family relations

How did you experience discussing your business aspirations with?

- Fellow cooperative members?
- **seda**?
- UMNOTHO?

How did the idea of signing Umnotho's legal contract to start and own a business make you feel?

- **seda** membership
- Umnotho soft loan

In your opinion, why do you think the cooperative you registered with?

- Could not go into business?
- Could not continue doing business?
- Is still doing business?

In your opinion, do you think it a useful idea to have people develop businesses in groups?

- If yes, please elaborate
- If no, please elaborate

THANK YOU FOR YOUR TIME AND PATIENCE.

## ANNEXURE C: Ethical clearance certificate



Department of Sociology  
5 July 2011

**Proposed title:** Social capital and micro-enterprise development: A case study in Mpumalanga, South Africa

**Principal investigator:** Grace Tshegofatso Manthata (Student number 548-601-7)

**Reviewed and processed as:** Class approval (see paragraph 10.7 of the UNISA Guidelines for Ethics Review)

**Approval status recommended by reviewers:** Approved

The Higher Degrees Committee of the Department of Sociology in the College of Human Sciences at the University of South Africa has reviewed the proposal and considers the methodological, technical and ethical aspects of the proposal to be appropriate to the tasks proposed. Approval is hereby granted for the candidate to proceed with the study in strict accordance with the approved proposal and the ethics policy of the University of South Africa.

In addition, the candidate should heed the following guidelines:

- To please language edit your proposal summary sheet
- To note that your informed consent form contains (for your intended interviewees) incomprehensible jargon and addresses all prospective interviewees as "madam" (it is not stated in the summary that you will only interview women).
- To note that you estimate your interviews to be completed within 20 to 30 minutes. This might not be sufficient time to explore all of your themes (with the relevant probing) in detail.
- To only start this research study after obtaining informed consent
- To carry out the research according to good research practice and in an ethical manner
- To maintain the confidentiality of all data collected from or about research participants, and maintain security procedures for the protection of privacy
- To work in close collaboration with your supervisor and to record the way in which the ethical guidelines as suggested in your proposal has been implemented in his research
- To notify the committee in writing immediately if any change to the study is proposed and await approval before proceeding with the proposed change
- To notify the committee in writing immediately if any adverse event occurs.

Approvals are valid for ONE academic year after which a continuation must be submitted.

Kind regards

Dr Chris Thomas  
Chair: Department of Sociology  
Tel + 2712 429 6301



ANNEXURE D: An invitation to the “wealth creation” workshop

15 October 2008

Dear Madam or Sir

Something new happening in Masana on the 22<sup>nd</sup> October 2008

***Change is coming to Masana!***



**Where? Masana Community Hall**

**Time? 09h10 – 16h10**

We would like you to be part of this new, challenging but exciting time.

Your input will be very valuable and your presence highly appreciated at this important occasion.

**Please RSVP by 15 October 2008**

**Email: [wealthcreation@development.co.za](mailto:wealthcreation@development.co.za)**

**Tel: 017 017 0170**

**In person at RAC clinic**

**Masana.**

## ANNEXURE E: The “wealth creation” workshop

Meeting held on 22 October 2008 at Masana NG Kerk.

Present in the meeting: 60 community members (small business owners, housewives and caregivers), 16-member community choir and RAC officials and community outreach workers (OWs)

The chairman requested delegates to come up with ideas of how to create wealth in the area. The workshop was then broken into groups to brainstorm ideas on how to start income generating activities.



Picture 1: The “open space” Picture 2: Break-away session

### Business ideas discussed and reported:

#### Group A: Laundry

- Started operating last year in a private house
- Services local primary school teachers
- Wishes to expand into bigger premises and market (Nurses, the community and neighbouring mines)
- Equipment needed
  - Industrial machine, irons, scale and hangers
- Operational requirements
  - Staff
  - Registration
  - Administration
  - Marketing plan
  - Transport to deliver
- Long-term business expansion – Shoe repairs

#### Group B: Concrete Manufacturing

- Needs
  - Company registration
  - Licensing: Department of minerals and energy (DME)
  - IAP, EMPR, DWAF, EIA and Geologists Application for Funding
  - Market research
- Equipment needed
  - Crushing machines
  - Fenced workshop

- Excavating machines and forklifts
- Operational requirements
  - Business plan
  - Establishing an operational budget
  - Operation costs – labour cost, electricity diesel, Telkom, infrastructure
- Marketing
  - Dept of housing
  - roads and transport
  - community
  - municipality
  - contractors
  - mining
  - brick and paving manufacturers

### **Group C: Recycling**

- Business aim: Reusing of garbage, used items, e.g. paper, bottles, cans, iron, plastic
- Operational requirements
  - Drawing of business plan
  - Human Capacity (Training) – management and labour
  - Registration – Section 21 Company Close Corporation
  - Application for funding
  - Operating place
    - Staff skills development
  - Manager – Assistant manager – Supervisor – Labour
  - Financial focus – Umsobomvu – Government – ABSA
- Equipment needed:
  - Wheelbarrow
  - Hand gloves
  - Overalls – Uniforms
  - Eye-shades – Safety
  - Transport cost
  - Safety boots
  - Cutting machine
  - Melting machine
- Target market – where do we get them?
- Shebeens
- Streets
- Dumping site
- Local shops and community
- Collect-a-can (SA)
- Taverns
- Location – The company will be located at Thabo Village Kwa-Zanele Location

### **Group D:Franchise OBC**

- Business registered name:Siyabangena Close Corporation

- The main purpose of opening this business is to create jobs for our local people. A franchise is a business system where you buy the name of the business you want and a business system which is suitable for the place where you are.
  - We have chosen OBC because there aren't many competitors in our place.
- Where do we get the OBC franchise?
  - First we must register
  - Have a good marketing place
  - Where do we get the funds for the business?
  - Target ABSA Bank – Social Development

#### **Group E: Skills Development Centre**

- CK registration
- Business plan / profile
- Acquire land
- Capital budget
- Operational budget
- Trainers accredited
- Equipment / machinery
- Materials
- Marketing
- Registration accredited
- Infrastructure
- Target group – unemployed
- Office equipment
- Learnership (experience exposure)
- Security

#### **GROUP F: CRÈCHE**

- Place: Masana
- Age Group: 0 to 3 years
- Assist people who work shifts
- Equipment needed:
  - Toys
  - Sponge beds
  - Blankets
  - They must bring food
  - Toiletries
  - Heaters
  - Particulars of parents
  - Clothes and nappies
  - Stationery
  - Pots and plates
- Fees will depend on:
  - How long the child stays
  - How old the child is



- The number of the children should be controlled

#### **Group G: Gardening**

- Own place good for planting
- Needs
  - Fencing
  - Equipment (tools)
  - Water (Pipe)
  - Izitshalo (seeds) and Umanyolo (fertilizer)
  - Uniform
  - Net
  - Gender toilet (male & female)
  - Changing room
  - Room for equipment (tools)
  - Room for chemicals
- We'll work together with farmers
- Target market
  - Give to school
  - Have our own marketplace
  - Give to orphans
  - Sell to the Department of Health like hospitals
  - From our own market to the office – market like Spar
- We need transport to supply all the food to the different places
- Marketing –
  - Billboard to show where we are
  - Pamphlets

#### **Group H: Grass Mats**

- Will write a letter to ask for a place
- Will pay a joining fee
- Will open a bank account
- They need training
- After training we will write a letter to municipality to assist with a place so that we can start with our work
- Safe place
- We will make bread-tins, hats and bangles
- After we have made all the things we will write letters for a donation to buy wool, needles and batteries
- We will want the councillor to assist us to write letters to the mayor so that we can get a big market for our things
- When we get a place we will start to sell the things
- We will need a sponsor to help us with a vehicle to transport the grass and some other things

#### **General ideas: Gymnasium**

- Business plans / Budget
- Properties
- Equipment
- Qualified trainers
- Community at large ( target group)

- Admin staff / membership
- Market through local newspaper and word of mouth
- Bath facilities



**Picture 3: Generated business ideas**

The chairman thanked the delegates for the cooperative efforts that were produced and announced that the business development process will be taken forward. The meeting adjourned and refreshments were served.

The follow-up meeting date to be announced.

## ANNEXURE F: Cooperative enterprising business development support

### Information giving session:

The first information giving session was conducted by a business advisor from *seda* on 28 October 2008. The session was opened with a song and a prayer. The purpose of the workshop was to clarify *seda*'s legislative mandate to implement the National policy in developing small enterprises through supportive programmes. The community members were made aware of the benefits of registering as *seda* members and as cooperative enterprises; to qualify for a basket of business services and to benefit from collective efficacy respectively.

### Business Start-up

Registered enterprises needed all forms of capital (economic, social and human) to start operating. Because of the fragile state of most livelihoods, most households were "un-bankable" and could not provide the required collateral to secure loans. RAC and *seda* undertook to create an enabling entrepreneurial environment by providing the required financial and non-financial support; loans to secure business equipment and stock and training for business support. RAC procured the necessary equipment (a heavy duty Laundromat and an industrial sewing machine), stock and loans for the enterprises that were already in operation. The terms agreed upon for repaying the loans were based on a relationship of trust; contracts acknowledging the debts were signed

### Continuous mentoring and support

The RAC and *seda* partnership continued with capacity building through training and mentoring: manual accounting, drafting of business plans and marketing strategies were put in place. The aim was to help cooperative enterprises form linkages with bigger markets and experienced business people. For example, a formal request to the local municipality to lease business premises, requests for funding from development agencies; National Development Agency (NDA) and the Job Creation Trust (JCT) were also submitted in June 2009.

### Follow up: Wealth creation workshop

The main objective of this workshop was to follow up on progress made by operating cooperatives and to mobilize other cooperatives through information sharing of lived experiences. Successes would also be showcased to attending stakeholders to lobby for more support. Information on the planned capacity building activities like training would also be shared.

Following the registration process of delegates everybody was energized by song and prayer. The workshop convener gave a welcoming address and an introduction of official stakeholders<sup>14</sup> present. A slide presentation of the initial Wealth creation workshop followed to give the audience context of the processes that led to the current developments and to sensitize the stakeholders. The rationale behind the open space workshop and the Business Development process through *seda*'s services and products workshop were also reiterated. The findings and successes of both workshops were also shared with delegates.

Lessons that were taken from this process include the realization that strong team cohesion was built in during break away sessions – this was demonstrated by the team spirit created, energy and motivation when groups reported back to the group. The members of the cooperatives had a chance to compare notes on their successes and challenges.

Other Masana community members could see what a collective effort could achieve and were motivated. A bonding session followed as everybody socialized and mingled with everyone as lunch was served. The workshop was a successful process of building energy and created new insights and ownership to both cooperative members and stakeholders.

### Workshop on "overcoming barriers"

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<sup>14</sup>Umntho, Government Departments – Local Economic Development, Agriculture and Private Companies.

Although the enterprising cooperatives kept on going against all odds, reports submitted communicated challenges caused by group dynamics. The purpose of this workshop was to address the identified communication barriers that threatened cooperation within enterprising networks. The norm had been for the cooperative members to meet once a month on a Wednesday to share their successes and challenges; however, compliance had already been reported as an issue. On this particular Wednesday, the 16<sup>th</sup> of September 2010, a social work consultant was invited to present and share experiences of other cooperatives with the group. He invited the members of the enterprising cooperatives to share their stories and experiences in order to gain more new and exciting insights on issues and challenges they face in their journey.

The session was opened with a song and prayer. The community outreach programme (COP) manager welcomed everyone and introduced the guest for the day and the purpose of the workshop. The analogy of the human as a system illustrated the workings of a system brilliantly. Over and above this intervention, this collective was expected to create a platform where cooperative micro-enterprises could meet on a monthly basis to contribute money and to share ideas on their successes and failures. This platform would also create a “mini-market” where members would come and display their products and exchange or buy from one another. RAC would also use the same platform for information sharing on health and social issues going forward.